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Folio:

A Publication of The Hanson Publishing Group, Inc.

NOVEMBER 1989 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50

Analyzing covers that sell

ELLE
FALL: IT'S THE MOST!
GLAMOUR
BEST FALL LOOKS
BAZAAR
LOOK SENSATIONAL!
Americas 10 most beautiful women
200
VOGUE
SPECIAL
american fashion in top form
200 key choices
NEW YORK COLLECTION

Can you guess which of these covers sold best?

Is your cover a winner on the newsstand? If you're simply analyzing issue-to-issue or year-to-year sales, you're making a mistake. Here's a different—and more meaningful—approach. **139**

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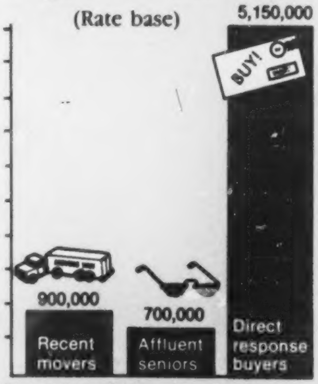
Time Inc. Magazines TargetSelect markets



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(unfold ———►)

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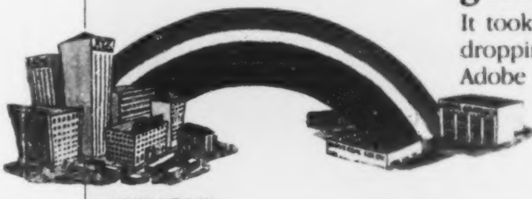

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SHAPE
smart diet ideas!

Dynamic Young Women—Eager Participants In Today's Lively Health & Beauty Conscious Lifestyle!

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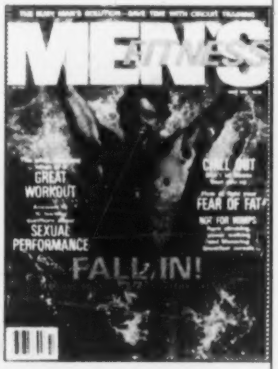

New! Mature Female Pizzazz!

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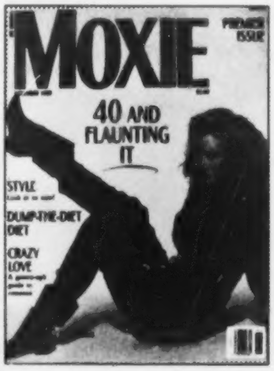

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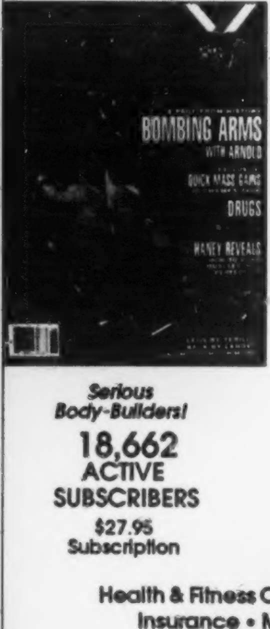

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Vol. 18 No. 11

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THE MAGAZINE FOR MAGAZINE MANAGEMENT

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UPDATE

Time targets new ad dollars

Groundbreaking TargetSelect program enables Time to pursue new ad categories and co-op dollars

by Barbara Love

NEW YORK CITY—Innovative binding technology is finally getting big-scale recognition and use. In January, Time Inc. Magazines will begin using selective binding in a new ad program designed to entice advertisers from direct mail, promotions and newspapers.

For years now, the technology has been available, but only a few publishers—*Farm Journal* and *American Baby*—have taken advantage of it. Time will become the first large-scale publisher to offer targeted audiences, initially through *People, Sports Illustrated* and *Time*. *Money* and *Entertainment Weekly* will eventually follow.

TargetSelect, hailed as a major event in magazine marketing, enables Time to create personalized magazines according to subscriber interests, demographics or purchasing patterns. Advertisers can also communicate individually with each subscriber by name and include other targeted selling information via ink-jet technology.

Time expects the new plan to attract advertising from new ad categories, other media (direct mail and newspapers), promotion dollars, and, of course, other magazines. In particular, the technology allows Time "to aggressively pursue co-op advertising that's more typically in local newspapers today," says Bruce Judson, director of marketing.

The program, created by vice president-marketing Donald Elliman, is expected to bring in a "significant" increase in advertising income. And, even though Time is reportedly sharing the costs of its printers' expensive selective bindery systems, TargetSelect will be profitable within a year, asserts president Reginald Brack Jr.

TargetSelect has three offerings:

- Specially tailored, monthly advertising editions targeted to recent movers, high income seniors and proven direct response buyers. "We've isolated groups where there really isn't a vehicle for advertisers today," says Judson. Advertising to recent movers and seniors is limited to eight pages—two spreads and four single pages.
- Personalized messages, which enable advertisers to insert the name of the reader or nearby dealer in the ad. (Initially, the ink-jet message is only available horizontally, perpendicular to the foot of the magazine.) Also possible are personalized response cards and variable coupon offers.
- Custom-crafted targeting, availa-

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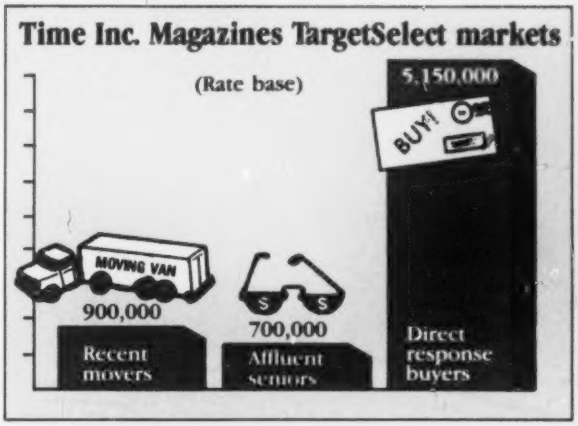


***Tailored monthly advertising sections** in three markets will be offered initially to advertisers in* People, Sports Illustrated *and* Time.

More publishers switch to freesheet

Overall paper demand expected to pick up by 7.6% in 1990, MPA survey reports

by Diane Cyr

NEW YORK CITY—More publishers are continuing to upgrade their magazines with coated freesheet, according to this year's paper use survey conducted by the Magazine Publishers of America (MPA). Last year, coated freesheet comprised just 11.6 percent of publishers' paper tonnage; that will increase to 14 percent this year.

But economy is still a concern for many other publishers who are continuing to use lighter weight papers and narrower paper rolls. Coated groundwood, which makes up 66 percent of the tonnage used, is still by far the paper of choice among the 61 publishers surveyed.

"People are shopping for value," says Richard Brown, vice president, publication paper sales, Alling & Cory, "but if you're talking about choosing among price, quality and service, quality has been most important. Publishers in general are committed to presenting a higher quality product, giving advertisers more bang for the buck."

This year's shift to freesheet is also shown through publishers' choice of basis weights: Use of 40 lb. paper is expected to drop slightly, while use of 45 lb. paper—the minimum weight for

Coated freesheet is fastest-growing paper stock

	Tonnage (1989 est.)	% of total tonnage	% change from 1988	Tonnage (1990 est.)	% change from 1989
Coated groundwood	1,088,202	66.0%	0%	1,176,748	+8.1
Coated freesheet	228,072	14.0%	+25.3	235,944	+3.4
Uncoated groundwood	242,019	14.8%	+8.5	254,770	+5.3
Uncoated freesheet	11,453	0.7%	+13.1	12,038	+5.1
Overseas coated groundwood	51,374	3.2%	+8.0	57,413	+11.8
Overseas uncoated groundwood	6,190	0.4%	−15.7	14,070	+127.3
Total groundwood	1,387,785	85.0%	+1.6	1,503,001	+8.3
Total freesheet	239,525	14.7%	+24.7	239,525	+3.5
TOTAL TONNAGE	1,627,310		+4.4	1,750,983	+7.6

Source: MPA

Upgrading under way: *Last year coated freesheet comprised just 11.6 percent of publishers' page tonnage; that will increase to 14 percent this year. But coated groundwood is still by far publishers' paper of choice.*

freesheet—has increased from 3.6 percent of tonnage in 1988 to 6.3 percent this year. Meanwhile, other basis weights are holding steady, although 34 lb. paper, the most heavily used stock, is expected to increase slightly in tonnage, while use of higher grade weights is expected to drop slightly.

Demand expected to rise

Meanwhile, overall paper demand is expected to perk up. Although demand climbed just 4.4 percent this year, usage is expected to increase by 7.6 percent for 1990. More publishers will also be using imported papers: Tonnage is also expected to increase from 3.5 percent this year to 4.1 percent next.

A continuing trend to narrower trim sizes has also led 16.4 percent of publishers to switch to narrower roll sizes. No publishers indicated they would switch to wider rolls.

Inventory figures are nearly identical to last year. Nearly three-quarters of publishers are keeping less than two months' supply on hand, with that figure nearly evenly divided between those stocking a one to 30 day supply and those working from a supply of 31 to 60 days.

Publishers are also continuing a switch away from gravure. About 73 percent of publishers used offset printing last year; that will increase to 74 percent this year and next. ☐

Mailers test delivery time with USPS

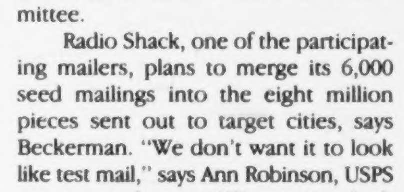
WASHINGTON, D.C.—For the first time, five mailers and the United States Postal Service (USPS) will work together to measure the delivery time of third class bulk business mail. The test, slated for March 1990, will measure delivery time to 25 major cities that receive roughly 40 percent of bulk mail. If successful, the test could result in an ongoing subscription service to mailers.

The new test follows another recent mailer-Postal Service collaboration, which measured third class nondelivery.

The Third Class Mail Analysis System (TCMAS) test is currently waiting to hire a contractor, who must be able to mail to a panel of 6,000 reporters. Reporters will telephone delivery information to the vendor as they receive mail, says David Beckerman, vice president, marketing services for Radio Shack and chairman of the TCMAS committee.

Radio Shack, one of the participating mailers, plans to merge its 6,000 seed mailings into the eight million pieces sent out to target cities, says Beckerman. "We don't want it to look like test mail," says Ann Robinson, USPS consumer advocate. "We want it to look like something sent in a normal mailing process."

The test will allow mailers to retrieve their own mailing data from the vendor as it becomes available.



The USPS will have access to all mailings during the test and can use the data to see if mail is being delivered according to its own performance standards. Mailers will be able to use the system to point out lapses in delivery time, but, at this time, are not able to make recommendations to the Postal Service.

"We don't intend it to be a hammer over the Postal Service's head," says Chuck Albright, vice president distribution services at R.R. Donnelley and a member of the TCMAS committee. "We intend it to be a management service tool."

In addition to Radio Shack, the five participating mailers include R.R. Donnelley, Foster & Gallagher, Alden Press and Harte-Hanks.

If the program becomes available to all third class mailers, a single year subscription, which would allow two test mailings per month, would cost $20,000 to $30,000. ☐

More titles offer ad exclusivity

The move goes beyond special issues and sections

by Rachel Kaplan

NEW YORK CITY—Long the province of network television, category exclusivity in print is expanding beyond single-sponsor issues and special advertising sections, and is being used as a lure for advertisers looking to stand apart from the madding crowd.

For the first time ever, *People* offered category exclusivity in a special October issue, *People Extra: The '80s*. The issue, which was sent to subscribers and sold on newsstands, featured advertising sold at the regular rate base of three million.

Category exclusivity was offered to differentiate the special issue from the normal weekly, and to offer "an unusual showcase for products," according to Howard Kuntz, *People*'s sales development director.

Category exclusivity is being increasingly used as a lure to hook advertisers who want to stand apart from the crowd

The issue contained 62 pages of advertising from such categories as health and beauty aids, cosmetics, electronics, automotive and tobacco. Most advertisers had a minimum commitment of two to four pages; but in some categories, such as automotive, the page commitment was higher.

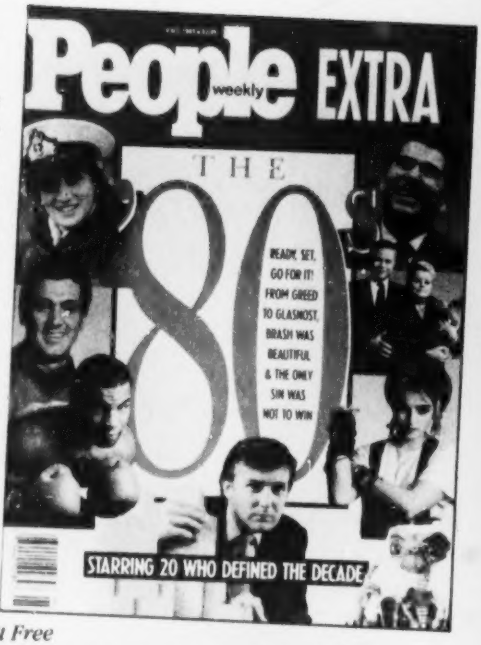
Meanwhile, other major publishers are launching single-sponsor issues to showcase advertisers. As *Time* publishes its first single-sponsor issue with Kodak (see Briefings, this issue), Meredith Corp. is resurrecting *Apartment Life*, the original name of its *Metropolitan Home*, to go on newsstands October 31 in the top 25 metropolitan markets. Chevrolet has signed on as the sole sponsor of the 132-page magazine, which will carry 20 ad pages. According to publisher Jerry Ward, the next issue will appear May 31, 1990, and *Apartment Life* eventually will be published quarterly.

Locally edited Sunday magazines, too, are easing into offering category exclusivity. Metropolitan Sunday Newspapers (MSN), for the first time this year, offered category exclusivity in 26 independent Sunday newspaper supplements devoted to health and fitness.

Among the newspapers participating in the Good Health Sunday program are *The Boston Herald*, the *Buffalo News*, *The Dallas Morning News*, the *Detroit Free Press*, the *San Francisco Examiner* and the New York *Daily News*. To coordinate the nationwide effort, MSN got all the participants to schedule health and fitness editorial in their Sunday supplements for October 8. The price of a four-color page in the program was $115,000.

Because the program got off to a late start, only three advertisers signed up for the program, one of which was *Weight Watchers*, according to Phyllis Cavaliere, Eastern manager at MSN. Others were Sears and Diversified Products, an athletic equipment manufacturer.

"Other advertisers were interested in the program, including analgesic marketers like Bristol-Myers, and juice people, like Minute Maid and Tropicana," says Cavaliere. "But because their budgets were already set, they couldn't participate." The advertisers, she adds, were attracted by the opportunity to run in a mass medium with a specific editorial focus. "There are a lot of vertical books out there, but we're offering a circulation of about 20 million."


People weekly EXTRA
THE 80
READY, SET, GO FOR IT! FROM GREED TO GLASNOST, BRASH WAS BEAUTIFUL & THE ONLY SIN WAS NOT TO WIN
STARRING 20 WHO DEFINED THE DECADE

***Minimum commitment:** Most advertisers in* People Extra: The '80s *had a two- to four-page advertising commitment, although in some categories it was higher.*

Joining forces

Another Good Health program is slated for April, and MSN is organizing the newspapers to join forces in a major back-to-school Sunday magazine supplement to run at the end of August 1990. "We probably will have category exclusivity in that program as well," Cavaliere says. ☐

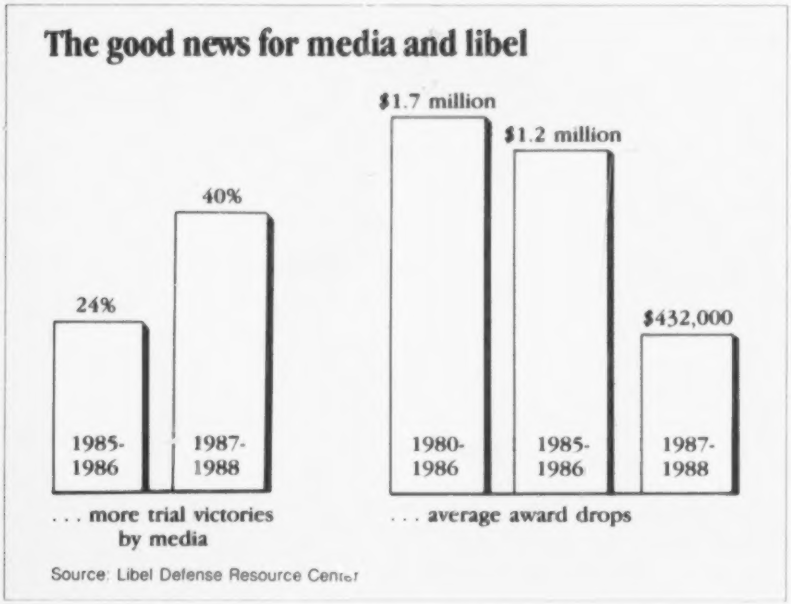
Media more successful in libel cases

More trials are won by media, while average award drops greatly

by Michael Garry

NEW YORK CITY—The media's record in libel cases took a turn for the better during 1987 and 1988, according to a study conducted by the Libel Defense Resource Center (LDRC), a libel research organization supported by media groups.

The study found that media defendants—including broadcast and print media—won 40 percent of the 47 libel case trials by jury during the two-year period. (Three of those trials involved magazines, only one of which prevailed, and 29 concerned newspapers.) That represents a marked improvement over the prior two-year period, when media companies won only 24 percent of libel cases. It also



***Media defendents won** 40 percent of the 47 libel case trials by jury tracked during the two-year period by the Libel Defense Resource Center.*

marks the highest winning percentage since the LDRC began compiling libel case data in 1980.

The study noted other positive developments: No awards in excess of $10 million were granted during the period, and the number of $1 million awards declined by about half compared to the prior two years.

In addition, the average award granted at the trial level declined, from $1,167,189 to $431,730, during the prior two-year period. In the six years prior to 1987, the average award was $1,730,677. On the other hand, the incidence of awards between $500,000 and $1 million was greater than ever before in the 1980s.

Relatively favorable results

"After years of reporting gloomy trends in the media libel field—particularly in the early part of the decade—it is certainly a pleasure to be able to announce the relatively favorable results of LDRC's latest two-year statistical compilations," says LDRC general counsel Henry R. Kaufman. Kaufman especially welcomes the absence of "outrageously inflated" eight-figure awards. "The largest single award during the recent period," he notes, "was lower than the average award imposed in media libel cases over the prior six years."

Why are the jury awards lower? It could be, says Kaufman, that judges and lawyers have become more realistic in their directions to juries. He also speculates that plaintiff's lawyers, realizing that mega-awards are frequently overturned, are not aiming as high; in a separate survey, however, those attorneys deny that they are toning down their monetary requests. In any event, the trend toward smaller jury awards is happening throughout the legal system, notes Kaufman.

On the other hand, says Kaufman, the average damage award, though lower than recent years, still constitutes "an unacceptably high tariff on free expression." And the media's overall winning percentage in libel trials since 1980, he points out, remains at only 28 percent—"still an unacceptably poor showing."

Kaufman would not speculate on why the past few years showed a better record for libel trial victories. The reasons tend to vary from case to case, he says, and can include better preparation by media attorneys, more sympathetic juries, or simply, more defensible cases.

But media lawyers may be taking libel trials more seriously because the number of cases reversed on appeal is dropping, speculates David A. Anderson, professor of law at the University of Texas. Studies done at Stanford University in the 1970s, he notes, indicated that from 75 percent to 80 percent of unfavorable libel rulings were reversed, while 62 percent were reversed in the recent study.

Last June, the U.S. Supreme Court let stand a $200,000 judgment against Harte-Hanks Communications, Inc.—the first time since the late 1960s that the Court upheld a plaintiff in a case involving "actual malice," says Anderson. This is a warning, he adds, that "you can't count on the Supreme Court to bail you out anymore."☐

TV-print synergy unveiled in *Episodes*

ABC hopes to lure print advertisers to TV, and TV fans to print

abc
EPISODES
OPPOSITES ATTRACT?
INSIDE LOOK
SOAP DISH
BEAUTY
THE HOTTEST COUPLES ON ABC
SPECIAL: Pullout Poster Inside
FIRST KISS SWEEPSTAKES! Watch and Win!

by Kevin Sgbia

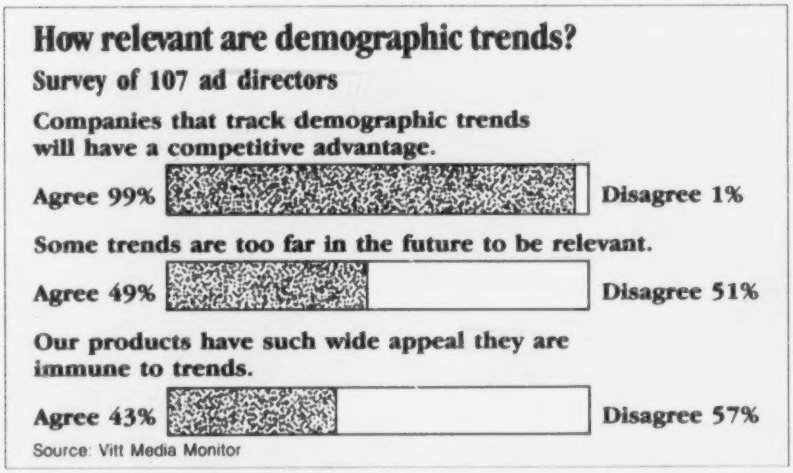
■ NEW YORK CITY—Now that it's rolling out its first magazine, ABC Television, producer of such hit daytime soap opera dramas as "All My Children" and "General Hospital," hopes to create lucrative combination print and televi-

***What started as a promotional** tool for daytime soaps has turned into an advertising vehicle.*

Demographic trends: Advertisers question value

NEW YORK CITY—Unless they're circling Neptune on Voyager II, just about everyone knows that the biggest market surge to come will be that of the aging baby boomers. But while advertisers agree that tracking is important, they are divided about the trends' near-term relevance, according to a recent Vitt Media Monitor survey.

Vitt Media, a media buying and planning firm, based its findings on a telephone survey of 107 advertisers with annual ad budgets of $5 million or more. Ad directors, Vitt states, agree that the two most important future trends will be an increase in the number of working women, and an aging population. Moreover, 99 percent agree that companies planning for those demographic changes will have a competitive advantage in the future.



***In the future,** an aging population and increase of women in the workforce will be the most important demographic trends, ad directors agree.*

But at the same time, half the ad directors believe that demographic trends are too far off into the future to be relevant to their current ad strategies. And 43 percent say their products will be able to weather the trends unchanged.

"To assume that products can be marketed without concern for demographic changes," states the survey, "leaves the door wide open for more aggressive and savvy marketers."

To date, about half of those advertisers who market services have either extended or modified their existing service lines to seniors, or have introduced new services for them. Only about one-quarter of product advertisers, on the other hand, have changed their goods to meet seniors' needs. According to the survey, most product introductions have been directed at teens, "while seniors, with a much higher rate of disposable income and more leisure time than young people, are seen as the best prospect for new services."

Half the advertisers also believe media will be affected by demographic trends—but that most changes will be in broadcast and cable. As for print, the ad directors expect changes in editorial content, rather than an increase in the number of new titles aimed at seniors. ☐

Personalized cartoons get mixed results

LOS ANGELES—Are personalized cartoons in direct mail packages worth the expense? The answer, according to magazines that have tested them, depends largely on the market.

By featuring a personalized, *New Yorker*-style cartoon on its mail pieces, *Restaurant & Hotel Design*, for example, got a 17 percent response to a subscription mailing to 40,000 members of the American Institute of Architects.

The controlled-circulation magazine discovered that more architects than it had previously thought were practicing hospitality design. About 280 architects, moreover, paid $24.95 for a 8" x 10" frameable print of the personalized cartoon. The profits were split by *Restaurant and Hotel Design* and the cartoon's creator, Stu Heinecke + Partners, Beverly Hills, whose creative costs were $15,000.

Two years ago, *Outdoor Life* launched two successful campaigns using cartoons. The magazine mailed four million postcards displaying a personalized fishing cartoon.

Subscribers were also offered frameable 8" x 11" lithographs of the cartoon, which cost *Outdoor Life* $1 each—50 cents more than four wildlife prints that had been used as a premium. The campaign produced a 65 percent lift in response and 78 percent increase in pay-up, becoming the new control.

> "In this business, you have to constantly test new items or your response rates will drop."

"It was one of our most successful premiums," says Jose Perez, circulation director, Times-Mirror magazines. "But since then, other premiums have beaten it. A hunting knife replaced the cartoon by a slim margin, and now we're using a flashlight.

"In this business," he adds, "you have to constantly test new items or your response rates will drop. People suffer premium fatigue."

Perez also tested a personalized cartoon on a postcard for *Golf Magazine*, but found it didn't beat the control. "I guess golfers don't find jokes about their game very funny," Perez says.

Golf Digest discovered the same thing three years ago when it tested a personalized golf cartoon by Heinecke + Partners. People who bought magazine gift subscriptions were offered a personalized lithograph of a golfing cartoon, but the cartoon wasn't displayed on the mail piece. "We thought it would be perfect for us, but it just didn't work in the test," says Diana O'Donnell, circulation director, *Golf Digest/Tennis*.

Money and *People* magazines also recently tested cartoons that were displayed on the outer envelopes. The test

Analyzing covers that sell

If you are looking only at gross volume numbers, you may be missing the boat

BY RON SCOTT

How do you know if your magazine has been a winner on the newsstand during any given month? You probably look at the hard sales numbers and say, "We're up 20,000 copies over the last issue, we did well." Or, "We were down 5,000 compared to a year ago."

But is that enough analysis? Is it enough to know what was best and or worst about the competition? Did you make your magazine the best that month or did your competitors make you the best through abdication of the marketplace? Or did you miss the market and let your competitors dominate?

I did a market analysis of four magazine groups: women's service, newsweeklies, women's fashion and computing. Although a single issue of any one of the titles within each market may have met its goals, far too often that title's market share was eroded by the strength of its competitors. For example, during the week of October 20, 1987, both *Time* and *Newsweek* met their single-copy goals—however, *U.S. News & World Report* doubled its single-copy unit sale and increased its market share by 7.8 percent.

But why should we use single-copy sales as the benchmark for success? Why not total circulation, or advertising page totals? Because total circulation and ad page numbers give you the overall response to your magazine. They do not give you an individual, issue-by-issue response. When we analyze single-copy circulation, however, we learn, in the only way possible, about direct reader response to specific issues of our magazine.

And the newsstand is the only place where we compete directly with our competitors. In almost all the cases presented here, all the competitors are available to the reader on the same display fixture at the same time.

The single-copy market is an impulse market. It takes the average consumer five seconds to decide whether or not to buy your magazine, according to a study by The New York Times Magazine Group. That is the amount of time a reader takes to size up a total editorial package. Most, if not all, of that time is devoted to the cover subject and the cover lines. Some 60 percent of the readers who buy magazines on the newsstands have no plans to purchase a magazine when they enter a store, according to another study done by *Redbook*.

A cover, then, has to work hard and fast to capture the attention and dollars of the potential reader.

Adolph Auerbacher, senior vice president and publishing director, Meredith Corp., has an informal test for cover design. He calls it the foot test. He drops the cover on the floor at his feet. Are the cover lines legible? Is the graphic easy to understand? If the answer to these two questions is "yes," then the issue has a chance on the newsstand. He also stresses that the

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Woman's Day
FREE
FIRST-AID POSTER
Life-Saving Tips for 100 Emergencies
WALK OFF 10 LBS IN 2 WEEKS
Choosing Clothes that Make Your Figure Look Better
BARBECUE
Learn to Cross Stitch
Strategy for Moms Who Juggle Jobs and Family
What to Do When You Get Sick on a Trip
How to Cope When Adult Kids Won't Leave Home
ELLE
PRETTY WITTY
The United States in the Gulf
Newsweek
Heaven Can Wait
While the Holy War Heats Up

Covers must work hard and fast *to make the sale, because magazines are usually an impulse buy. These covers did the job. What made them work so well?*

cover has to keep on selling after a person has taken the magazine home. We want the buyer to keep picking the magazine up, not just leave it sitting on the coffee table. Otherwise that reader may not be interested in buying again.

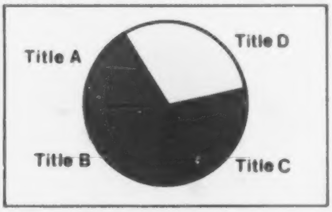
John Mack Carter, editor in chief at *Good Housekeeping*, says it this way: "One of the reasons why we are on the newsstands is to make our audience younger. It brings young people to the marketplace. It introduces our magazine to people who don't know about it through subscriptions." Surveys indicate that single-copy buyers are 10 years younger than subscribers.

Competition is both a stimulus and a frustration. None of the fashion magazines were delighted when *Elle* entered the American market. Yet all magazines in the category became sharper because of the new challenge. Consequently, the field started attracting more single-copy buyers. In 1985, the year before *Elle* became a force in the fashion field, the total single-copy circulation market for *Vogue*, *Glamour* and *Harper's Bazaar* was 2.456 million, according to the Audit Bureau of Circulations (ABC). *Elle* has an average newsstand circulation of 503,000 copies, yet the total market addressed in this article for the four titles has swelled to 3.226 million. The field has benefited, no doubt.

But before we launch into this analysis, let's look at how typical consumer products companies track their performance as compared to their competitors.

Normally we think of market share as the overall pie sliced according to component products. The pie is split up depending on which title is leading in ad pages, or circulation totals, etc.

This traditional pie graphic, which many consumer groups use to illustrate market share, is adequate for consumer products that remain essentially unchanged for long periods of time, but not for magazines. The packaging and contents of Campbell's Tomato Soup or Wonder Bread will stay the same for several years, which is why the pie is an adequate measurement for the consumer goods market.

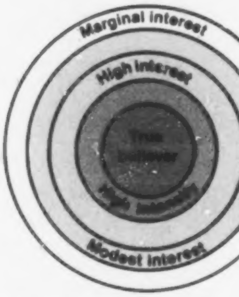


Magazine publishers have a more challenging task. We change the packaging and the contents with every issue. We must signal the reader that we are the same, but different with every issue. This makes magazines more dynamic than any other consumer product. We know from single-copy research by various publishers that our target reader does not buy every issue we create. A composite of that research indicates that our reader buys some four issues of every 12 we publish.

Let's take another look at these readers with the help of the diagrams on this page.

At the heart of the circle are the readers who are true believers. For every single issue of a certain magazine, there is a group of people who will buy the magazine no matter what is on the cover. They're interested in the subject and loyal to the title—the true believers.

The next group is made up of the high intensity buyers who will not purchase only if the magazine fails to include something of interest for them on the cover. You have to drive them away from the market; they are not going to walk away. The next group is made up of high interest readers who buy your magazine about half the time.



But having the support of these readers is not enough to make a magazine profitable.

The profits come when you have those people who hold a moderate interest in the field, who are interested in a magazine at certain times of the year, or when their interest peaks.

Add to these groups the marginal readers who buy one or two issues a year, and you've got the full market. In fact, it is the moderate and marginally interested readers who are the key to success in this area of magazine publishing, and it's the ability to attract those readers in a challenging, competitive environment like the newsstand that makes the difference in market share.

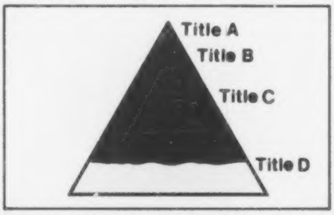
If we are competing with other magazines of similar subject matter for the same reader, and if this reader has other interests outside of this area, then we are locked into this competition every time we publish.

It follows that there are three reasons why our sales will decrease with any given issue: 1) Our potential reader is more interested in skiing or some other hobby that month. 2) Our competitor has lured the reader away with a more interesting cover. 3) We have failed to communicate that which is so fascinating about our own issue.

Through this analysis we can see that the total market can both increase or decrease at any given time, and this can be effected by the way we communicate on our cover and by the way our competitors design their covers.

The pyramid graphic gives yet another look at the magazine newsstand market. In this scenario market share is a three dimensional matrix.

Let's say title A has the most focused editorial, while titles B through D become respectively more broad in their appeal. Magazines in a market, however, don't remain in these fixed spots. Different titles may routinely "invade" the territory of the others, either strategically, or through good fortune. When this invading takes place, it affects the newsstand sale of the magazines in that market.



In this example, title B is invading two fields. It's going after readers of a magazine that may be doing a better job editorially, and one doing a poorer job; or one that may be serving readers in a different way.

Title B runs the risk of being caught in the middle, being not quite sure where it belongs in the marketplace and, consequently, struggling at both ends. A better way to grab a larger market share is to be better focused, to come up with the more intense issues that compel specific groups of readers to pick up the magazine.

How does a magazine attract buyers? With cover lines that are well written and well displayed. Look at your own cover lines. How many different market segments are you appealing to with cover lines? Are you including enough to capture buyers who might be tempted to pick up another magazine? Are you making the cover appeal too broad, thus losing those who are interested only in specific areas?

It is also possible that the market could experience a complete breakthrough: a new computer entry; a dramatic change in fashion; or a fast breaking news story; and this may mean increased sales for all titles in the market.

How then do we test market share?

In the specific cover analysis that follows, we've constructed an arbitrary market of two, three or four titles. The first group consists of *Woman's Day* and *Family Circle*; the second, *Time, Newsweek* and *U.S. News & World Report*; the third, *Vogue, Glamour, Harper's Bazaar* and *Elle*; the fourth, *Byte, Home Computing, Compute!* and *Personal Computing*.

Each group illustrates a particular lesson in using the market share approach to analyze a cover's appeal.

In the following analysis, we have taken the four groups of titles, and with the help of the ABC Pink Sheets from 1987 and the first half of 1988, compiled an 18-month market for each of the groups. We added the single-copy sale total by issue for each of the titles and added together all the single-copy sales of the titles. We then divided by the number of issues in the 18 months to get a number that we call the "average market." We then divided each title's total single-copy sales for the 18 months by the number of issues published to get an average sale for each title. We then divided each title's average single-copy sale by the average market to express that title's percentage of the market.

With these market share databases we now have the statistical foundation needed to compare our magazine, issue by issue, with our competitors. By expressing market share in percentages rather than units, we can measure how well we do in both rising and falling markets. For example, in the analysis that follows we will see that the total market for the newsweeklies fell by 19,390 copies during the week of April 27, 1987, while *Time* increased both its unit sale and its market share during that week.

Analyzing cover design based on single-copy circulation is not a science—it is an art. Different people see different elements as most important to the relative success of a specific issue. Editors, designers and circulators all make significant contributions in such an analysis. It is important to note that the comments that follow are addressing the combined efforts of editors, designers and circulators. So let us begin.

How to use the charts that follow

The "average market" figure is the average number of copies sold by all the magazines in a market group for each on-sale period between January 1987 and June 1988. The "total market" number is the sum of copies of all magazines sold during the actual on-sale period being analyzed. The "change" figure indicates whether the market was up or down in comparison to the "average market" figure.

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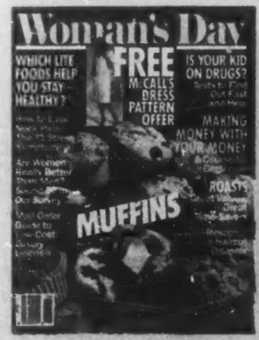
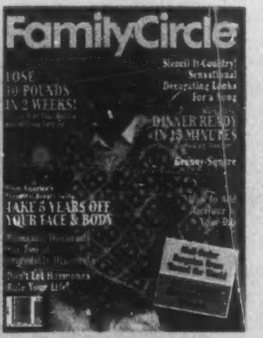
1. Women's service

Woman's Day and *Family Circle* always sit next to each other on check-out fixtures in the supermarkets. These two titles have no appreciable problems either with the number of retailers they need or the display positions they occupy. Yet, we will see market fluctuations between the two titles that exceed one million copies per issue.

February 10, 1987
Total market: 10,999,825 Change: +954,357


Woman's Day
WHICH LITE FOODS HELP YOU STAY HEALTHY?
FREE
McCALL'S DRESS PATTERN OFFER
IS YOUR KID ON DRUGS?
MAKING MONEY WITH YOUR MONEY
MUFFINS
ROASTS

Newsstand sale	**4,939,200**
Below avg. sale	**-416,275**
Market share	**44.9%**
Below avg. market share	**-8.5%**


FamilyCircle
LOSE 10 POUNDS IN 2 WEEKS!
Stencil It-Country! Sensational Decorating Looks for a Song
DINNER READY IN 15 MINUTES
Granny-Square
TAKE 5 YEARS OFF YOUR FACE & BODY
Don't Let Hormones Rule Your Life!

Newsstand sale	**6,060,625**
Plus avg. sale	**+1,370,632**
Market share	**55.1%**
Plus avg. market share	**+8.5%**

Woman's Day and *Family Circle*

22 issues analyzed; covers dated from January 1987 to June 1988
Average market: 10,045,468

	Avg. mkt. share	**Avg. nwsstnd. circ.**	**Avg. Sub. circ.**
Woman's Day	53.4%	5,355,475	123,000
Family Circle	46.6%	4,689,993	1,500,000

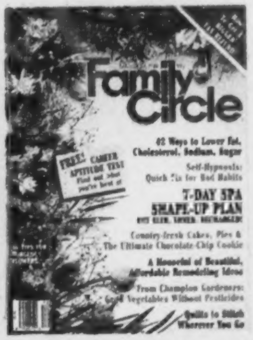
This week the market was up by almost one million copies and *Family Circle* is the big winner. The title increased its market share by 8.5 percent with this cover, bringing market share for this issue up to 55.1 percent. The successful ingredient was the positive cover lines. "Lose 10 pounds in two weeks," "Dinner ready in 15 minutes," "Take five years off your face and body." By contrast, the top cover line for *Woman's Day*—"Which lite foods help you stay healthy?" takes too long to get the message across. "Is your kid on drugs?" is certainly not a positive. Unfortunately, the rest of the cover lines are hard to read because of color choice. *Woman's Day* lost a proportional 8.5 percent share of market with this issue.

(CONTINUED)

ANALYZING COVERS (WOMEN'S SERVICE)

March 24, 1987
Total market: 11,214,564 Change: + 1,169,096

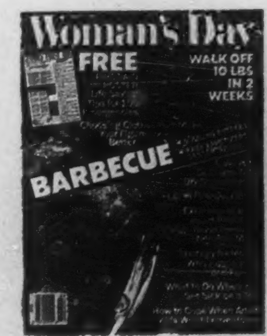
Woman's Day
15-MINUTE TEX-MEX MAIN DISHES
2 WEEKS to Shape Up YOUR THIGHS
HOW TO GET A FREE! GREAT MAKEOVER
12 WAYS to DOUBLE your MONEY
LEARN TO PUT YOUR WORRIES TO WORK

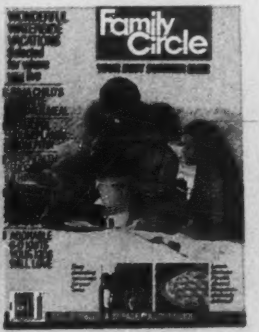

Family Circle
FREE! CAREER APTITUDE TEST
7-DAY SPA SHAPE-UP PLAN

Newsstand sale	**5,130,600**	**Newsstand sale**	**6,083,964**
Below avg. sale	**-224,875**	**Plus avg. sale**	**+ 1,393,971**
Market share	**45.7%**	**Market share**	**54.3%**
Below avg. market share	**-7.7%**	**Plus avg. market share**	**+ 7.7%**

The market surges again by 1.1 million copies, and the entire increase once again goes to *Family Circle*. Where did *Woman's Day* go wrong? The cover lines stand out more than *Family Circle*, but they are carrying the wrong message. For starters, Tex-Mex has regional appeal, limiting the potential audience. The cover lines on worries and beauty make-over are negatives. *Family Circle*'s "7-Day spa shape-up plan" had a more positive message. The cover graphic for the issue is also a bit unusual for this market.

July 7, 1987
Total market: 9,209,349 Change: -836,119


Woman's Day
FREE
WALK OFF 10 LBS IN 2 WEEKS
BARBECUE


Family Circle

Newsstand sale	**5,431,720**	**Newsstand sale**	**3,777,629**
Plus avg. sale	**+ 76,245**	**Below avg. sale**	**-912,364**
Market share	**59.0%**	**Market share**	**41.0%**
Plus avg. market share	**5.6%**	**Below avg. market share**	**-5.6%**

Now the market is down. There are only 9.2 million copies sold this time around. *Family Circle* loses here because the cover lines are unreadable. A barbecue banner wins big for *Woman's Day*. Why doesn't *Family Circle* copy the strategy?

December 22, 1987
Total market: 11,482,808 Change: + 1,437,340

Woman's Day
FREE
MERRY CHRISTMAS

Family Circle

Newsstand sale	**6,434,100**	**Newsstand sale**	**5,048,708**
Plus avg. sale	**+ 1,078,625**	**Plus avg. sale**	**+ 358,715**
Market share	**56.0%**	**Market share**	**44%**
Plus avg. market share	**+ 2.6%**	**Below avg. market share**	**-2.6%**

The market is up by almost 1.5 million copies, so why did *Family Circle* miss the mark? The reader's eye has to wander all over this cover. It is hard to focus. Nothing stops the reader. The eye moves around like a ball in a pinball machine. The consumer says, "Editor, it is not enough to list everything that is there, you have to value it for me." Give the reader a judgment, otherwise you might as well print the contents page on the cover. *Woman's Day* captures 56 percent of the market, and increases market share by 2.6 percent.

June 28, 1988
Total market 8,377,700 Change: -1,667,768

Woman's Day
FREE POSTER
BARBECUE

Family Circle
CALENDAR
ALL-AMERICAN FOOD FOR A FABULOUS 4TH OF JULY!
EASY DINNERS

Newsstand sale	**4,883,700**	**Newsstand sale**	**3,494,000**
Below avg. sale	**-471,775**	**Below avg. sale**	**-1,195,993**
Market share	**58.3%**	**Market share**	**41.7%**
Plus avg. market share	**+ 4.9%**	**Below avg. market share**	**-4.9%**

Family Circle lost by going red, white and blue. People already know how to wave the flag; they need information. Meanwhile, *Woman's Day* scores big again with "barbecue." Here, *Family Circle* lost even its high interest people.

2. Newsweeklies

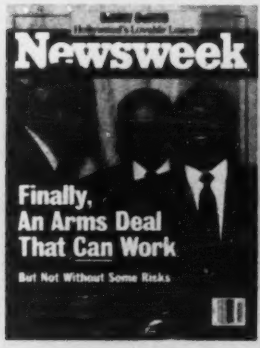
With *Time*, *Newsweek* and *U.S. News*, we have three titles that are usually sold by the same retailers, and which usually sit in the same section of the fixture. This position is usually on the main line fixture; unit sales volume usually dictates the position within the fixture. They are, then, in direct competition with each other every week.

Newsweek, Time and *U.S. News*

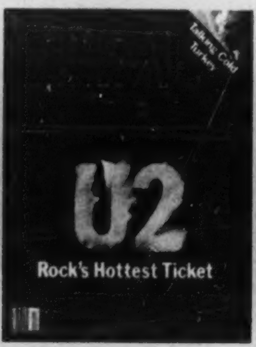
78 issues analyzed; covers dated from January 1987 to June 1988
Average market: 469,107

	Avg. mkt. share	Avg. nwsstnd. circ.	Avg. sub. circ.
Newsweek	38.5	180,643	3 mill.
Time	49.4	231,768	4.4 mill.
U.S. News	12.9	56,694	2.2 mill.

April 27, 1987
Total market: 449,717 **Change: -19,390**


Newsweek
Finally, An Arms Deal That Can Work
But Not Without Some Risks

Newsstand sale	**120,800**
Below avg. sale	**-59,843**
Market share	**26.9%**
Below avg. market share	**-11.6%**


Talking Cold Turkey
U2
Rock's Hottest Ticket

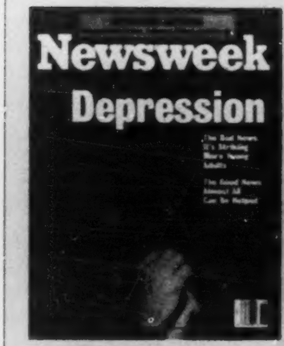
Newsstand sale	**286,749**
Plus avg. sale	**+54,981**
Market share	**63.8%**
Plus avg. market share	**+14.4%**

U.S.News
WE DID IT!

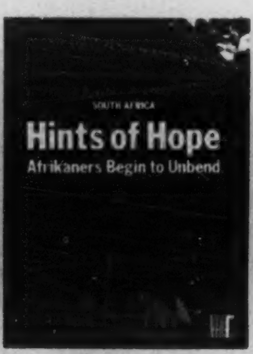
Newsstand sale	**42,168**
Below avg. sale	**-14,526**
Market share	**9.4%**
Below avg. market share	**-3.5%**

Even though the market is down by almost 20,000, *Time*'s 14.4 percent gain of market proves that pop has more appeal than U.S.-Soviet relations. The choice of historical figures was a confusing one for *U.S. News*. Perhaps the audience didn't easily recognize our country's forefathers.

May 4, 1987
Total market: 456,982 **Change: -12,125**


Newsweek
Depression

Newsstand sale	**244,600**
Plus avg. sale	**+63,957**
Market share	**53.3%**
Plus avg. market share	**+14.8%**


SOUTH AFRICA
Hints of Hope
Afrikaners Begin to Unbend

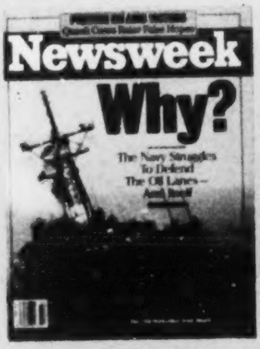
Newsstand sale	**161,068**
Below avg. sale	**-70,700**
Market share	**35.2%**
Below avg. market share	**-14.2%**

Newsstand sale	**51,314**
Below avg. sale	**-5,380**
Market share	**11.2%**
Below avg. market share	**-1.7%**

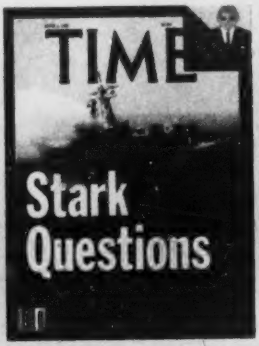
Just one week later, it's *Newsweek* that makes a big gain, capturing 53.3 percent of the market, an increase of 14.8 percent. The cover line "Depression" may seem like a downer, but the "good news" line perhaps buoyed interest. In any case, it is a subject most consumers can relate to. "Economic jitters" was another point of interest. The situation in South Africa didn't win big for *Time*, nor did "Drugs" pull well for *U.S. News*.

(CONTINUED)

June 1, 1987
Total market: 451,413 **Change: -17,694**


Newsweek
Why?
The Navy Struggles To Defend The Oil Lanes— And Itself

Newsstand sale	179,600
Below avg. sale	-1,043
Market share	39.8%
Plus avg. market share	+1.3%


TIME
Stark Questions

Newsstand sale	232,399
Plus avg. sale	+631
Market share	51.5%
Plus avg. market share	+2.1%

U.S.News
TO CATCH A SPY

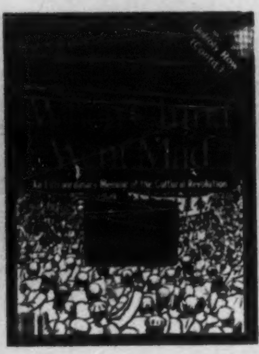
Newsstand sale	39,414
Below avg. sale	-17,280
Market share	8.7%
Below avg. market share	-4.2%

Covers on Iraqi missiles striking the naval ship *Stark* didn't pull exceptionally well for either *Newsweek* or *Time*. Both magazines could, at best, only retain market share; neither made big gains. Perhaps the banner on AIDS victims hurt *Newsweek*, while *Time* chose the banking situation for its secondary focus. *U.S. News*, which tends to use more illustrations for covers, did not do well with its "To catch a spy" cover. The lines were too hard to read.

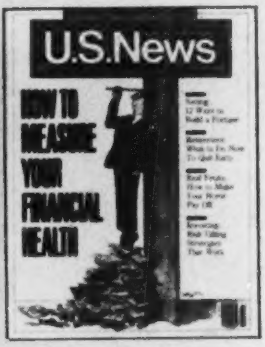
June 8, 1987
Total market: 628,874 **Change: +159,767**

Newsweek
Heaven Can Wait
When the Holy War Heats Up

Newsstand sale	303,500
Plus avg. sale	+122,857
Market share	48.3%
Plus avg. market share	+9.8%



Newsstand sale	253,474
Plus avg. sale	+21,706
Market share	40.3%
Below avg. market share	-9.1%

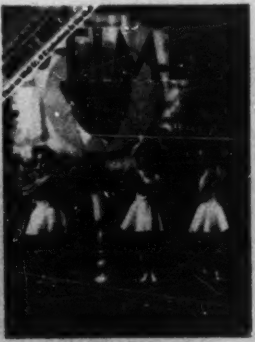

U.S.News
HOW TO MEASURE YOUR FINANCIAL HEALTH

Newsstand sale	71,900
Plus avg. sale	+15,206
Market share	11.4%
Below avg. market share	-1.5%

Just one week later, the market jumps by more than 150,000 copies. *Newsweek* captures the modest and marginal buyers and builds its share of market by almost 10 percent. Readers were more attracted to Jim and Tammy Bakker than the politics of China. *Time*'s share of market is down by 9.1 percent. *U.S. News*, while gaining 15,206 buyers, actually lost a little bit of market share.

October 26, 1987
Total market: 537,986 **Change: +68,879**

Newsstand sale	183,300
Plus avg. sale	+2,657
Market share	34.1%
Below avg. market share	-4.4%



Newsstand sale	243,219
Plus avg. sale	+11,451
Market share	45.2%
Below avg. market share	-4.2%

U.S.News
AMERICA'S BEST COLLEGES

Newsstand sale	111,467
Plus avg. sale	+54,773
Market share	20.7%
Plus avg. market share	+7.8%

During this week, the total market was up by almost 70,000 copies. But *Time* and *Newsweek* failed to make gains in total market share. That's because *U.S. News* performed strongly with its timely cover on "America's best colleges." This was the biggest seller for the newsweekly, selling 111,467 copies, nearly twice as many as the previous week (Oct. 12, 1987—not shown in this analysis). The title's market share rose to 20.7 percent, on a 7.8 percent increase.

3. Fashion titles

The women's fashion titles, *Elle, Glamour, Harper's Bazaar* and *Vogue*, are like the women's service titles in that they are heavily dependent on single-copy circulation, getting more than 50 percent of their circulation from this source. And their covers reflect this bias. They are more colorful and aggressive than the newsweeklies. And they are usually grouped together on the main line display fixture in a highly prominent position.

Elle, Glamour, Harper's Bazaar and *Vogue*

18 issues analyzed; covers dated from
January 1987 to June 1988
Average market: 3,226,180

	Avg. mkt. share	Avg. nwsstnd. circ.	Avg. sub. circ.
Elle	15.7	503,781	300,000
Glamour	48.0	1,548,508	722,000
Harper's Bazaar	11.7	379,130	384,000
Vogue	24.6	794,759	440,000

August 1987 **Total market: 3,956,956** **Change: + 730,776**

ELLE
FASHION BY NUMBER

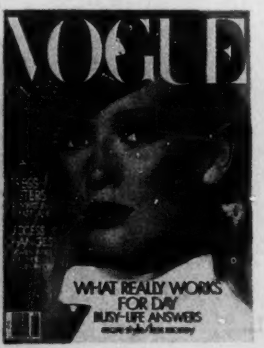
Newsstand sale	520,440
Plus avg. sale	+ 16,659
Market share	13.2%
Below avg. market share	-2.5%

GREAT NEW FALL LOOKS
20

Newsstand sale	1,994,229
Plus avg. sale	+ 445,721
Market share	50.4%
Plus avg. market share	+ 2.4%

OVER-40 SPECIAL!

Newsstand sale	489,900
Plus avg. sale	+ 110,770
Market share	12.4%
Below avg. market share	-0.7%


VOGUE
WHAT REALLY WORKS FOR DAY
BUSY-LIFE ANSWERS

Newsstand sale	952,387
Plus avg. sale	+ 157,628
Market share	24.1%
Below avg. market share	-0.5%

Traditionally the fall issues have been the strongest for the women's fashion magazines, but August is becoming a big month for these titles. Here the market was up by more than 700,000 copies. Although actual single-copy sales were up for all the titles, only *Glamour* made a gain in market share. Playing up the new fall fashions gave *Glamour* the edge.

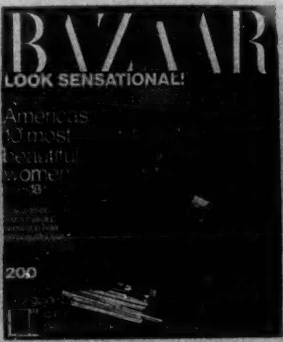
September 1987 **Total market: 3,975,928** **Change: + 749,748**

ELLE
FALL: IT'S THE MOST!

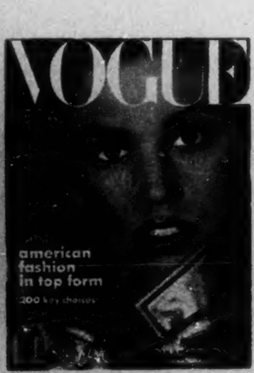
Newsstand sale	687,652
Plus avg. sale	+ 183,871
Market share	17.3%
Plus avg. market share	+ 1.6%

GLAMOUR
BEST FALL LOOKS
?

Newsstand sale	1,809,524
Plus avg. sale	+ 261,016
Market share	45.5%
Below avg. market share	-2.5%


BAZAAR
LOOK SENSATIONAL!
America's 10 most beautiful women
200

Newsstand sale	547,900
Plus avg. sale	+ 168,770
Market share	13.8%
Plus avg. market share	+ 2.1%


VOGUE
american fashion in top form
200 key choices

Newsstand sale	930,852
Plus avg. sale	+ 136,093
Market share	23.4%
Below avg. market share	-1.2%

One month later, the total market surges again, up by almost 750,000 copies, to 3.9 million. This time *Elle* and *Harper's Bazaar* make market gains. Playing up fall fashions two months in a row didn't work for *Glamour*. *Elle*'s cover line, "Fall, it's the most" is clean, crisp and clear. The grabber on *Bazaar* is "Look sensational," a strong positive statement.

(CONTINUED)

ANALYZING COVERS (FASHION TITLES)

May 1988 **Total market: 2,938,144** **Change: -288,036**

ELLE
PRETTY WITTY

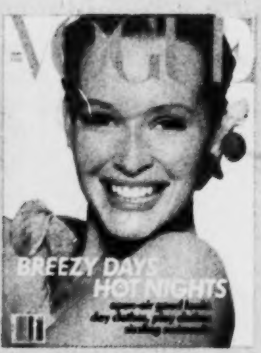
Newsstand sale	545,100
Plus avg. sale	+41,319
Market share	18.6%
Plus avg. market share	+2.9%

THE HOTTEST NEW MAKEUPS
SUPER SUMMER FASHIONS
31 DAYS TO SWIMSUIT SEASON
GETS RESULTS
THE SEX LOVE MONEY POWER GAME

Newsstand sale	1,349,837
Below avg. sale	-198,671
Market share	45.9%
Plus avg. market share	-2.1%

BAZAAR
EASY TAKEOFF!
How you can have the body you want
SLIM & BARE IT
85 sizzling looks to show off your new summer body
SELF-SERVING TEN

Newsstand sale	368,000
Below avg. sale	-11,130
Market share	12.5%
Plus avg. market share	+0.8%


VOGUE
BREEZY DAYS HOT NIGHTS

Newsstand sale	675,207
Below avg. sale	-119,552
Market share	23.0%
Below avg. market share	-1.6%

The market is down by 288,036 copies, but *Elle* once again gains in market share. It is also the only title to gain in actual sales, up by 41,319 copies to more than half a million in single-copy sales. Once again, the cover lines are clean and crisp, and the tropical feel to the cover plays into the upcoming hot weather.

June 1988 **Total market: 3,238,129** **Change: +211,949**

ELLE
SWIMSUITS

Newsstand sale	541,000
Plus avg. sale	+37,219
Market share	16.7%
Plus avg. market share	+1.0%

GLAMOUR
REAL HELP!
YOUR SEXUAL SECRETS

Newsstand sale	1,605,056
Plus avg. sale	+56,548
Market share	49.6%
Plus avg. market share	+1.6%

BAZAAR
HOT STYLE!
everything new under the sun under $100
FASHION WAVES
sea-blue nauticals
smooth-sailing brights
splashy swimsuits
RAD GUIDE

Newsstand sale	322,000
Below avg. sale	-57,130
Market share	9.9%
Below avg. market share	-1.8%

VOGUE
HERE'S LOOKING AT YOU
fashion, fitness, beauty, money
what's ahead

Newsstand sale	770,073
Below avg. sale	-24,686
Market share	25.8%
Below avg. market share	-0.8%

This month the market was up slightly, and *Elle* once again makes inroads into market share. Good design is the key here. *Glamour* scores with its "real help" cover lines while the cover lines on *Harper's Bazaar* get lost. *Vogue*'s claim to have "first fall fashions" in June is just not believable.

(CONTINUED)

4. Computer titles

Probably the most interesting point here is the fact that the most technical title in the group, *Byte*, has the dominant market share, at 43.4 percent. *Byte* appears to be defensive in its cover treatment, while the other three titles appear more inclined to gamble. This is because single-copy circulation is such a small percentage of their circulation mix. The danger of gambling, illustrated by these titles, is that when you win, you win big, but when you lose . . .

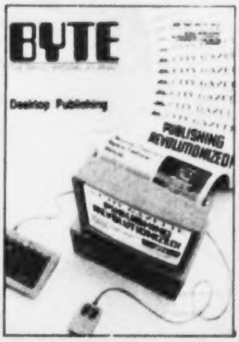
Byte, Home Computing, Personal Computing and *Compute!*

18 issues analyzed; covers dated from January 1987 to June 1988

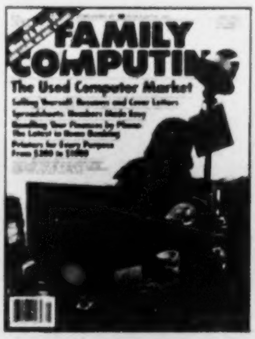
Average market: **283,881**

	Avg. mkt. share	Avg. nwsstnd. circ.	Avg. sub. circ.
Byte	43.4	122,742	300,000
Home Computing	18.9	53,876	400,000
Personal Computing	15.1	42,652	455,000
Compute!	22.7	64,610	230,000

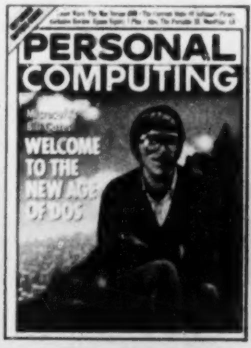
May 1987 **Total market: 299,282** **Change: + 15,401**


BYTE
Desktop Publishing
PUBLISHING REVOLUTIONIZED

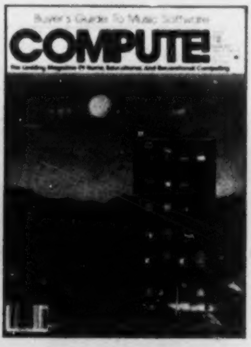
Newsstand sale	**114,381**
Below avg. sale	**-8,361**
Market share	**38.2%**
Below avg. market share	**-5.2%**


FAMILY COMPUTING
The Used Computer Market

Newsstand sale	**67,155**
Plus avg. sale	**+ 13,279**
Market share	**22.4%**
Plus avg. market share	**+ 3.5%**


PERSONAL COMPUTING
WELCOME TO THE NEW AGE OF DOS

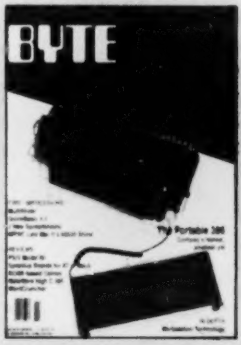
Newsstand sale	**39,958**
Below avg. sale	**-2,694**
Market share	**13.4%**
Below avg. market share	**-1.7%**


Buyer's Guide To Music Software
COMPUTE!

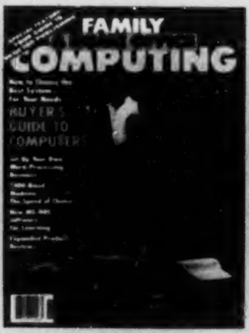
Newsstand sale	**77,788**
Plus avg. sale	**+ 13,178**
Market share	**26.0%**
Plus avg. market share	**+ 3.3%**

The market is up to almost 300,000 copies, and the ones that gain share of market are *Home Computing* (shown here as *Family Computing*) and *Compute!*. "Used computer" market is a good move for *Home Computing*—any budget conscious family would want to know more. "The buyer's guide to music software" is the key to *Compute!*'s success.

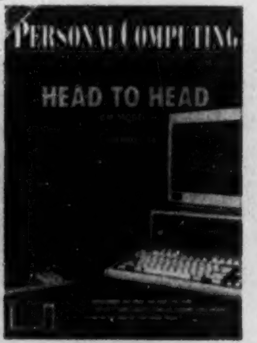
November 1987 **Total market: 297,810** **Change: + 13,929**


BYTE
The Portable 386

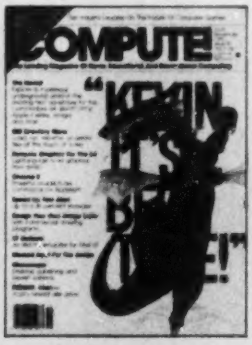
Newsstand sale	**126,302**
Plus avg. sale	**+ 3,560**
Market share	**42.4%**
Below avg. market share	**-1.0%**


FAMILY COMPUTING
BUYER'S GUIDE TO COMPUTERS

Newsstand sale	**67,441**
Plus avg. sale	**+ 13,565**
Market share	**22.6%**
Plus avg. market share	**+ 3.7**


PERSONAL COMPUTING
HEAD TO HEAD

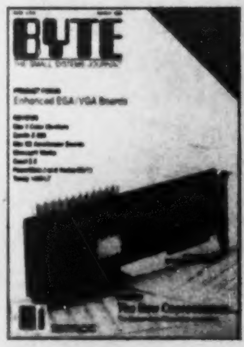
Newsstand sale	**42,011**
Below avg. sale	**-641**
Market share	**14.1%**
Below avg. market share	**-1.0%**



Newsstand sale	**62,056**
Below avg. sale	**-2,554**
Market share	**20.8%**
Below avg. market share	**-1.9%**

Three of the four titles failed to capitalize on the coming holiday season. While *Byte* dominates the market with a 42.4 percent share, it does not make any gains in market share. Only *Home Computing* (shown here with yet another name, *Family & Home Office Computing*) increases its market share with a buyer's guide to computers. What computer-minded parent could even think about buying a computer without this issue in hand?

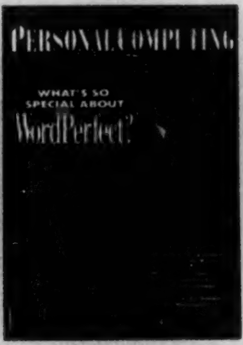
March 1988 **Total market: 289,849** **Change: +5,968**


BYTE
Enhanced EGA/VGA Boards

Newsstand sale	**123,398**
Plus avg. sale	**+656**
Market share	**42.6%**
Below avg. market share	**-0.8%**

& HOME OFFICE

Newsstand sale	**60,129**
Plus avg. sale	**+6,253**
Market share	**20.7%**
Plus avg. market share	**+1.8%**


PERSONAL COMPUTING
WHAT'S SO SPECIAL ABOUT
WordPerfect?

Newsstand sale	**53,465**
Plus avg. sale	**+10,813**
Market share	**18.4%**
Plus avg. market share	**+3.3%**

COMPUTE!
COMPUTERS:
DAZZLING GRAPHICS

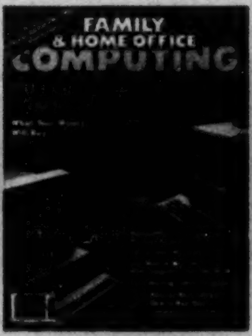
Newsstand sale	**52,857**
Below avg. sale	**-11,753**
Market share	**18.2%**
Below avg. market share	**-4.5%**

Byte dominates once again with a 42.6 percent share, but still does not make any gains in market share. The cover graphic is not easy to understand. Focusing on IBM compatibles is a natural for *Home Computing*, and this helps the title gain 1.8 percent in market share. A dramatic photograph helps to boost *Personal Computing*, up 3.3 percent in market share. *Compute!* returned to music too soon with this cover, and failed to boost its market standing.

June 1988 **Total market: 273,760** **Change: -10,121**

BYTE
High-Speed Modems
BYTE's New Benchmarks

Newsstand sale	**134,520**
Plus avg. sale	**+11,778**
Market share	**49.1%**
Plus avg. market share	**+5.7%**


FAMILY
& HOME OFFICE
COMPUTING

Newsstand sale	**40,270**
Below avg. sale	**-13,606**
Market share	**14.7%**
Below avg. market share	**-4.2%**

PERSONAL COMPUTING

Newsstand sale	**45,665**
Plus avg. sale	**+3,013**
Market share	**16.7%**
Plus avg. market share	**+1.6%**

COMPUTE!
QUIET ON THE SET!

Newsstand sale	**53,305**
Below avg. sale	**-11,305**
Market share	**19.5%**
Below avg. market share	**-3.2%**

Byte hits the market with a strong cover graphic and it works. It is clever and easy to understand. The title's hold on the market surges to 49.1 percent, with a 5.7 percent gain in market share. *Personal Computing* made additional gains in market share by concentrating on new techology. *Home Computing* tried, but misses, with a buyer's guide to computers. The subject is too general: guides to printers, or IBM clones, are a better bet. *Compute!*'s cover is too busy.☐

C4325-1

rculation
survey . . . page 101

Folio:

A Publication of The Hanson Publishing Group, Inc.

DECEMBER 1989 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50

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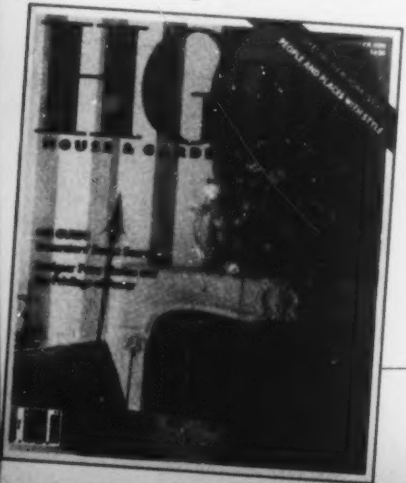
Just say no

It's an open secret that no editor is anxious to admit: Pressure from the ad sales department to alter, include or delete material is a reality. FOLIO:'s exclusive survey reveals the choices that editors really have when they're faced with this situation. 92

Is there evidence of an *HG* revival?

New editor Nancy Novogrod revamped *HG* after both readers and advertisers were turned off by dramatic editorial changes. Management now claims that newsstand sales are on the rise and that advertisers are coming back. 47



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EARL KELENY

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unfold ➤

December 1989

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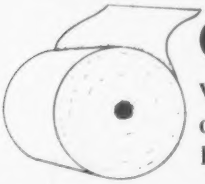

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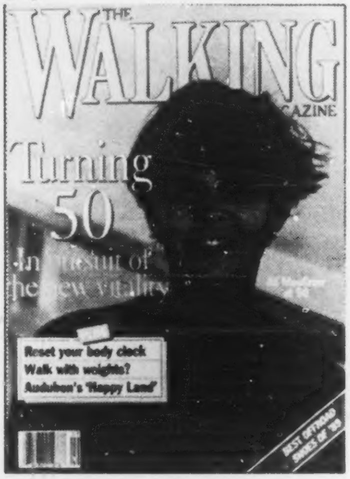

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Vol. 18 No. 12

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ABP The Audit Bureau MPA

claims, many organizations have violated the standard sweepstakes guidelines, leaving the Direct Marketing Association to bear the brunt of thousands of consumer complaints.

The committee has reinforced its disclosure of rules to comply with ethical business practices.

"These new guidelines are a reactive means to consumer complaints, as well as a proactive means for smaller companies setting up sweepstakes promotions," Christy contends.☐

Production managers' challenges in the '90s

NEW YORK CITY—Selective binding is one of the best weapons magazines have against televison, according to John Romeo, director of manufacturing and production, *Forbes*, who spoke at a recent meeting of the Association of Publication Production Managers (APPM).

Although *Forbes* is not currently planning selective binding for its advertisers, "targeting the audience is the name of the game," Romeo said, noting that his title has been looking at the possibility of starting regional editions for several years.

Selective binding, desktop publishing and printing plant automation will redefine the production manager's job, agreed Mary Davis, vice president, magazine manufacturing and distribution, Time Warner. "We can't be scared by it. We have to lead the way and learn about it. It means retraining and retooling."

Don't ultra-specialize

"The rate of change is hard to keep up with," noted Bill Gallagher, APPM vice president. We have to be able to accept that change. And the change is coming faster." Panelists cited education and re-education as the tools production managers need to deal with change.

Irving Hirschbein of Conde Nast stressed the need for training, now and in coming years. "Take a night class, take seminars," Hirschbein urged. "If you allow yourself to become an ultra-specialist, you'll be stuck there. You cannot move ahead without an education. That is how we will control what is going to happen."☐

Printing sales growth slows

Several years of healthy increases may be coming to an end

by Cary Peyton Rich

TEANECK, N.J.—Sales growth has slowed for commercial printers, and won't rebound until late 1990, according to a survey in the quarterly *Business Indicator Report* (*BIR*). Survey participants averaged sales growth of 7.4 percent for the first half of 1989, compared with 9.9 percent for the first part of 1988.

The report, published by the National Association of Printers and Lithographers (NAPL), also shows moderate operating cost inflation of 5.2 percent during the first six months of 1989, with real (inflation-adjusted) growth at 2.2 percent. In 1988, real growth was 4.2 percent. Paper prices showed the largest relative gain in printers' costs, rising 8.1 percent over the previous year's levels.

Pre-tax profits for the first six months of 1989 for firms surveyed averaged 4.8 percent, down 0.6 percent from 1988. Price competition and overcapacity were cited by printers as the two most important factors in performance over the six-month period.

Order backlog statistics, which flag conditions in the immediate future, indicate that the downward trend will continue to the end of 1989. On July 1, 1989, *BIR* participants averaged 14.1 days of orders booked, versus 15.0 days of backlog a year earlier. Moderate sales growth is expected for the rest of 1989, with printers expecting a rebound late next year.

NAPL's report is less optimistic than that issued by the Printing Industries of America (PIA), whose members indicated 8 percent sales growth at midyear, and predicted an 11 percent increase for 1990. Growth will vary significantly among states, PIA reports.

Although the printing and publishing industry continues to grow faster than other manufacturing industries, a slowdown in job growth and output is flagged for next year, according to Cahners Economics, a forecasting division of Cahners Publishing Company.

Although an 8.9 percent jump in output is expected by the end of the year, output will dwindle sharply to 2.6 percent in 1990, given the expected economic slowdown. Job growth in printing and publishing will rise an average 3 percent—49,000 jobs—each year for the next three years, says Cahners economist Debbie Selsky.

Printing and publishing jobs grew 3.6 percent in 1988, and 3.4 percent through July 1989. This compares to 2.5 percent overall manufacturing employment growth in 1988, and 1.1 percent growth through the first seven months of this year.

Printing and publishing output also rose a healthy 9.4 percent through July 1989, thanks largely to a surge in productivity of 7.5 percent. Moreover, output averaged 8.5 percent annual growth during the past five years—more than twice the rate for overall manufacturing output growth.☐

Publication printing increases hover at 6%

Value of shipments

	1989	1990	% change
Newspapers	$35,800	$38,055	+6.2%
Periodicals	19,540	20,712	+5.9
Books	13,900	14,776	+6.3
Misc. publishing	6,710	7,113	+6.0
Greeting cards	3,550	3,728	+5.0
Total printing	$79,500	$84,384	+6.1

Source: PIA

***Growth in periodicals printing**, which includes magazines, lagged slightly behind that in other print categories.*

Ad vs. edit:

What choices do editors really have when they are pressured by advertising? FOLIO:'s exclusive survey reveals what editors think is appropriate—and where they draw the line

BY JENNIFER HOWLAND

Advertising pressure on editors is the skeleton in the closet of the magazine publishing industry: Everyone knows it's there, but no one wants to talk about it.

Alternatively, publishers and editors will talk about the horror stories they've heard occur at *other* magazines—but on the home front? Never.

Then, occasionally, somebody is brave enough to admit such a thing happens. "There isn't one editor who can say he or she has never made a decision in which the advertising effects weren't a factor," says Daniel Okrent, former editor, *New England Monthly*. Okrent, who gave a speech several years ago at a City and Regional Magazine Association conference, asked the group of editors he was addressing whether any had ever put something in their magazines because it would be helpful to an advertiser. Not a one raised a hand. "This is a room full of liars," he declared. "Every editor says publicly he or she ignores such pressure," Okrent claims, "but they all admit to it in private."

Indeed, several editors report that the pressure can be pretty intense. The message to keep advertisers happy is constant, says one source. "I simply go along with the system because it's the only way I know to hold my job."

Here's another editor's view on the battle between editorial and ad sales: "It eats away at my time, depleting my energy as an editor. I'm considered inflexible, uncooperative, but they haven't fired me. In fact, I've outlasted all of my four predecessors."

One of the problems in even discussing the issue is that there are a lot of different definitions of advertising pressure out there. To one editor, going on a sales call is anathema; to another, it makes perfect business sense. Other editors feel pressured by advertiser requests for unusual sizes and placements of ads—to which a business editor retorts, "I wish I'd had that kind of pressure," instead of more onerous requests for favorable stories on advertisers.

Take Okrent's situation. "If you looked closely at my editorial decisions over the years, you'd find decisions I

Jennifer Howland is a freelance writer specializing in media coverage. She was formerly senior editor of FOLIO.

The pressure mounts

made where an outcome that favored advertising probably weighed in. Everyone on this staff wants the magazine to be profitable."

But at the same time, he maintains a standard of editorial integrity. "I don't sell editorial space. The fact that someone is advertising with us doesn't induce us to run a story on him." Okrent has published stories that were very unpopular with advertisers. One, that ran in April 1988 on Nantucket real estate "exposed in an amusing, ironic fashion some of the unpleasant things that were occurring" in the community after an island-bound winter, he relates. Great objections were raised by Nantucket advertisers who had bought into the issue, and "even though our ad pulled better for them than the same one did in two national magazines, we lost a number of advertisers," he admits.

PHOTOGRAPHS PROPERTY OF CULVER PICTURES

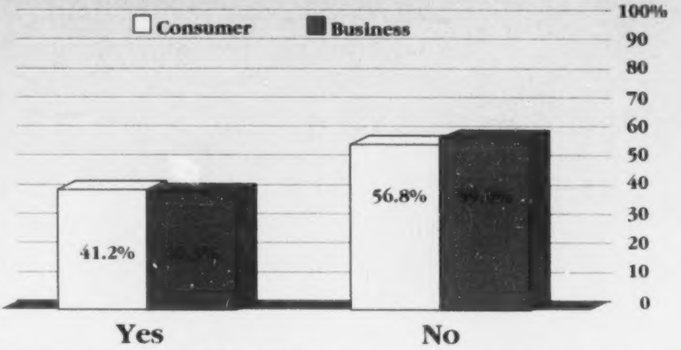
With a changing business climate, one which includes a tighter market for ads and more corporate ownership of magazines, some degree of market-mindedness is almost a requirement of editors today. "People are looking for business-sensitive editors," declares Howard Rauch, formerly vice president and editorial director of Gralla Publications, now president of Editorial Solutions, an editorial consulting firm.

"Budgets tightened up after the stock market crash," Rauch says, "and this made sales tougher to come by. A number of the markets served by trade publishers are mature; growth has plateaued and some fields are overpopulated by magazines. It's made for a much more competitive marketplace. That means that ad sales people and editors have to work as a team. What is being termed pressure has been brought about by the business climate."

More ad favors?

The trade publishing field is commonly depicted as expecting more advertising favors from editors than the consumer market. One publisher has been known to define trade publishing as "trading your advertising for my editorial." However, for the most part, that blatant a selling of editorial space does not seem to go on, except in the cases of particularly weak or young magazines. What can happen, says Rauch, is that an editor can be creative about working in a bottom-line-oriented venture and still maintain editorial standards of integrity. "Writing off advertisers totally is a mistake" on the part of editors, he states. "There's nothing wrong in writing about an advertiser if the advertiser has done something newsworthy. Of course, deliberate editorial give-aways—writing about advertisers just to get ads—is something legitimate magazines don't do. But it's something editors must contend with

Have you ever been told by the ad director or the publisher to do something that you felt seriously compromised editorial?



***More pressure is felt by editors on consumer** magazines. More consumer respondents than business respondents have been asked to compromise their editorial integrity.*

because advertisers are asking for it."

One editor on a business magazine notes: "In our industry, the advertisers are often the experts in the field. They had a personal interest that evolved into business." Why ignore their expertise?

Another ad sales director believes that the ad sales staff is often "more in the trenches" than the editorial personnel, and have a better feel for what is going on in the industry. "I have personally called our editor on occasion to make a suggestion on a possible scoop. It is understood that this is a courtesy call, nothing more."

Really top editors don't get requests to run editorial that favors advertising, maintain a couple of consumer magazine editors. "There continues to be ad pressure on mediocre editors," says John Mack Carter, editor of *Good Housekeeping*. "But there's very little pressure on successful editors."

Editors shouldn't plan material to interest advertisers at good magazines, says Myrna Blyth, editor of *Ladies' Home Journal*, "and that's not what a good publisher wants from an editor. Advertisers don't demand that of the admired editor. They trust his or her ability to reach the audience effectively."

Savvy advertisers

According to other publishers, however, the really savvy advertisers never ask for such favors, because they know it dilutes the value of the vehicle that carries their advertising. "If you sell your editorial space, then the best editorial goes to the highest bidder and readers can smell that a mile away," asserts Bill Laberis, editor in chief of *Computer World*. "The more savvy salespeople take time to understand the editorial product—and the more they understand it, the less they'll be inclined to ask for profiles of advertisers."

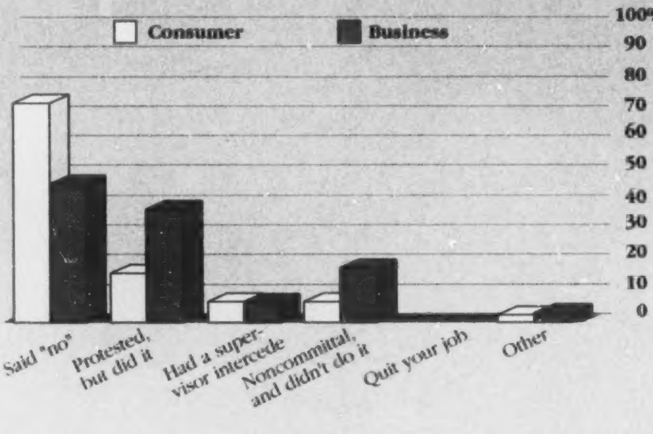
"Sure, there are a lot more demands from advertisers for various things," says Sandy Beldon, publisher of *Prevention*. "They want positioning, rates, merchandising, value added. But knowledgeable advertisers don't ask for special editorial treatment. If the reader thinks the magazine is there to service advertisers first, he'll lose interest and not read it. Only unsophisticated advertisers think this is the road to success."

To hear from some editors, there are plenty of these "unsophisticated" types out there. At *Computer World*, a "significant advertiser" was outraged because he had not been included in a suppliers' round-up story, which had been written by a freelance writer, Laberis relates. As he has done in the past when similar situations arose, Laberis ran a story search through the Nexus database to find out what coverage this advertiser had gotten in the magazine in the past. Although it was 20 percent more coverage than average, the advertiser was not placated and continued to threaten to pull his advertising unless the magazine did a story on the company. "The advertiser claims other publications are in his offices looking to write stories about him."

Bolder advertisers

One thing editors and publishers agree on is that advertisers have gotten bolder in their requests for favors. "The pressure on the ad sales side is definitely increasing," says Pierce Hollingsworth, Jr., editor in chief and associate publisher of *Food Business*, a new publication of Putman Publishing. "Advertisers are more bold and insistent about what they expect. They ask for editorial support," he says. Although salespeople are permitted to suggest ideas, the

If you answered "Yes," tell us your reaction:



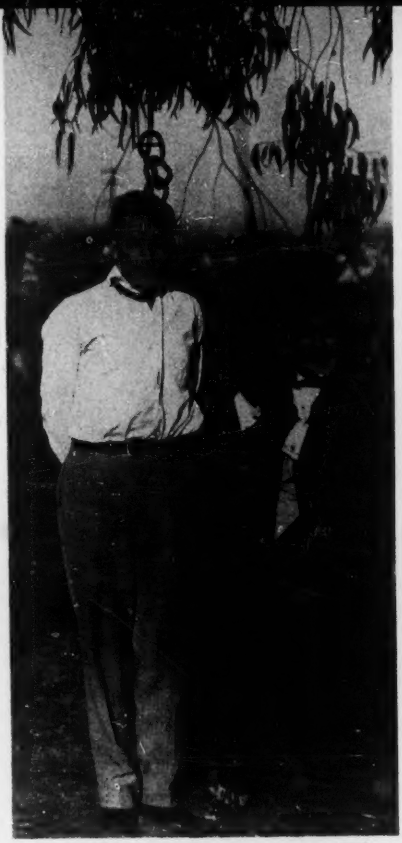
***Editors on business magazines find it harder to say "no"** when put under pressure. Less than half said "no" up front to a request that compromised their editorial integrity, while almost 75 percent of the editors on consumer titles said they would "just say no" up front. Almost 40 percent of the business magazine respondents would protest, but do what the ad director or publisher requested. No one said they quit their job because of an offensive request. Most who chose the "other" response said they'd try to negotiate an agreement to satisfy both sides.*

*Percentages add up to more than 100 because of multiple answers.

editors "are under no pressure to respond," Hollingsworth claims. "We're a newsmagazine and we have to have the highest readership scores . . . we can't savage the editorial for advertising," he adds.

"Advertisers are getting more sophisticated and brazen," Okrent agrees. "I hear more from them than I used to: 'If we don't get this editorial we won't run.' You see it in sales reports more. They feel less constrained about asking," he says.

"There is certainly more exhorting of editorial to come up with commercial hooks for stories," says Rauch. "And that's not a crime—editorial can develop material of value that ties to hooks. The problem is that too many salespeople are not selling the magazine as a concept any more. They're so driven by ad pressure that they dance to the advertisers' tune too much and then ultimately the advertiser loses too. When you start dominating a trade magazine with hooks, you lose the chance to provide strong market and trend information—which is the forte of a trade publication. Some publishers have buckled in this direction," Rauch claims.



It's certainly a far cry from the days, not that long ago, when editors and ad sales people were not supposed even to talk. "I started out working at *The New Yorker*," recalls Elizabeth Crow, president and editorial director of Gruner + Jahr, U.S.A. "I remember seeing an ad sales person on the editorial floor and hearing someone say, 'What are you doing here?' There was a thought that any contact between advertising and editorial would result in hopeless corruption. That is now considered naive." Such a view was common 15 years ago and was given lip service long beyond that time, she says. Editors now know they "don't exist in a vacuum, that 52 out of every 100 pages in their magazines is advertising, and that ad revenue is a more profitable source of revenue than circulation. Even though editors shouldn't ignore advertisers, there's a big difference between that and saying advertising should dictate what editorial can cover," she asserts.

At some magazines, the church and state separation is still obeyed. Carter says an editor "has no business knowing what a rate card is. I'd expect an editor to say 'What is that?' if a rate card were pulled out." Although pressure is exerted, it should be absorbed by the publisher and not passed along to editors, Carter asserts.

"Advertisers are always asking for 'added value'—which used to mean hang tags, or merchandising support, but now means a more insidious form of support, such as editorial coverage," Carter says. There will always be the "elevator conference" where salespeople mention in passing to an editor what kind of coverage would be helpful, but such requests can't be termed pressure, Carter says. If the editor accedes to the request, that's pressure.

And the pressure falls more on some types and sizes of magazines than others, he adds. "Major magazines with major advertisers get less pressure than small magazines with smaller page rates, circulations and advertisers. The big guys think big. General Foods doesn't ask for stories about Jell-O."

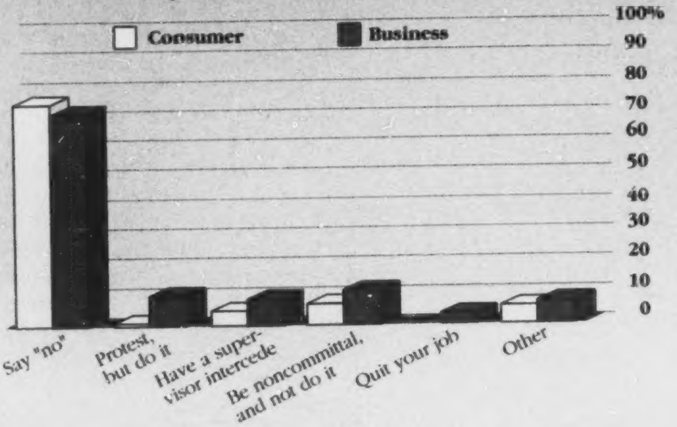
An editor at The New York Times Magazine Group deflects pressure by referring to the "mother ship." "This always nicely ends an argument if I'm meeting any resistance."

Fashion magazines have been known to have a "cozy" relationship with advertisers, for instance. "In the women's service business, you'd like to say there's no relationship between advertising and editorial, but look at the fashion magazines," comments Ellen Levine, editor of *Woman's Day*. "See how long someone advertises there without being mentioned in the editorial."

A recent article in the *Columbia Journalism Review* took *Vanity Fair* to task for "glowingly" featuring "fashion designers and coveted advertisers."

Carter cites the newsmagazines as not suffering this kind of pressure, but even they have come under criticism for fawning over advertisers. *Newsweek* ran a cover story April 3 on Disney World, called "Mickey's New Magic." This was followed by substantial advertising in subsequent issues, most notably an eight-page supplement in the April 24

If your present ad director were to ask you to do something that compromised editorial integrity, how would you react?



The editors on business magazines seem to have more courage *when talking about a hypothetical situation. Here their "no" responses are almost identical to consumer magazine editors' responses. Notice that some editors say they would quit their jobs, but none actually did so in past situations.*

***Percentages add up to more than 100 because of multiple answers.**

issue. A *Newsweek* spokesperson says "*Newsweek* rigorously observes the separation between church and state, between the business and editorial sides. Disney has been a big advertiser for years and booked that supplement six months before the cover story ran."

Nonetheless, the perceived favoritism was covered in several publications, including *The New Republic*. "This stuff is everywhere," Okrent concludes.

Some degree of tension between the business and editorial sides is inevitable, of course. Journalists are trained to tell the best stories and ad sales people to meet their sales quotas. Says Carter, "It's an age-old dichotomy of interests" between serving the interest of the advertiser versus serving the interest of the reader. And if you direct editorial attention to worrying about the wrong side of the ledger, you'll weaken the magazine."

Dealing with pressure

"The tension between editorial and advertising is healthy," comments Laberis.

"Some people get a suggestion or a probe confused with pressure," adds Mark Bricklin, editor of *Prevention* and group vice president of Rodale Press. "Some salesmen will try anything, but the smart editor doesn't take outrageous requests seriously. Real pressure is something else entirely: when the editor's boss asks the editor to write something to get ads, with the threat of being fired if they refuse. I don't think that happens too much, except with especially young or frail publications," he says.

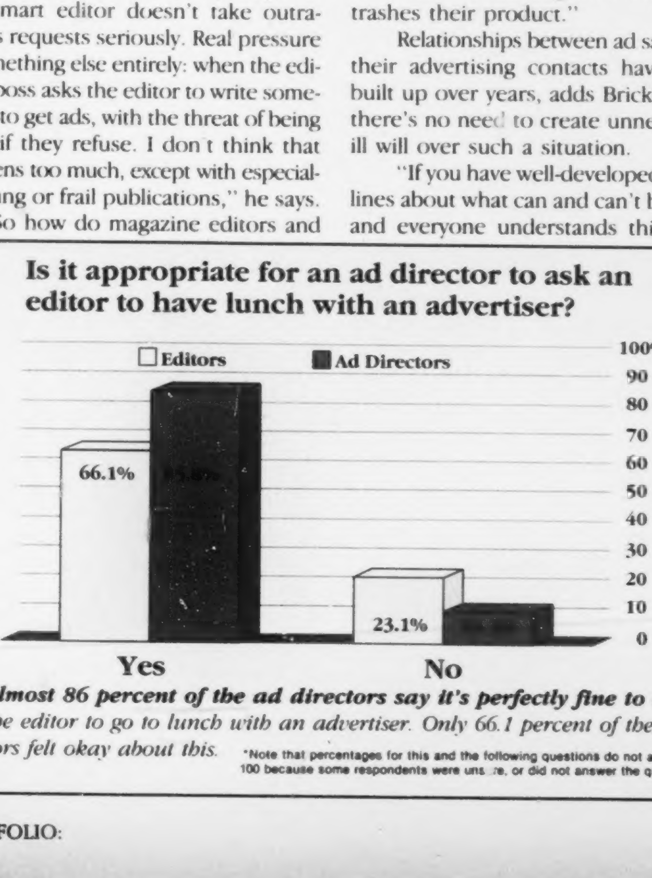
So how do magazine editors and publishers resolve the conflicts that arise from this inevitable tension? It helps to have publishing management set some guidelines, both editors and publishers say.

"You can't have the right hand not knowing what the left hand is doing," says Crow. "Ad sales can't do end runs around editorial. If editors want to write a story about the bad effects of drinking diet soda, it's got to be up to management to decide whether to accept the advertising of a diet soda manufacturer. You embarrass the advertiser if you let them advertise in an issue with an investigative story that trashes their product."

Relationships between ad sales and their advertising contacts have been built up over years, adds Bricklin, and there's no need to create unnecessary ill will over such a situation.

"If you have well-developed guidelines about what can and can't be done and everyone understands this, then
there's no pressure," comments Ho
lingsworth. "Pressure only comes whe
you're asked to do things that you don
expect."

Is it appropriate for an ad director to ask an editor to have lunch with an advertiser?



***Almost 86 percent of the ad directors say it's perfectly fine to ask** the editor to go to lunch with an advertiser. Only 66.1 percent of the editors felt okay about this.*

*Note that percentages for this and the following questions do not add up to 100 because some respondents were uns re, or did not answer the question.

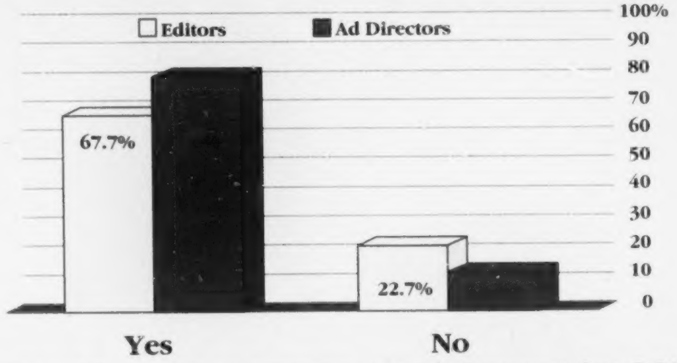
"There can be a very good relation
ship between advertising and editoria
After all, they're talking to the same pe
ple," Crow continues. "But there has t
be a standard, so that an advertiser wh
is oversensitive to the mention of com
petitors or criticism of his field gets se
straight about what a good magazine i
to its readers. People know when th
truth is not well served, and if the read
ers lose trust in the magazine, that's no
in the advertiser's best interest."

One way for editors to be sensitiv
to advertising's needs is to "say exactl
what they mean" when writing on a
ad-sensitive topic. She cites an articl
about baby shoes that ran several year
ago in *Parents*. She realized while read
ing the article, which was written by
pediatrician, that some statement
about recommending light sneaker
over stiff shoes could rub shoe adver
tisers the wrong way. So she called th
writer and asked her to say exactly wha
she meant: that "kids don't need brace
on their feet." It is a situation tha
"doesn't come up often," but editoria
was changed based on what made sens
and also to not offend advertisers, Crow
explains.

At *Parents*, she continues, it is als
important that the standards fo
products that are advertised are up t
editorial standards. "The advertising
must stand for as much as the editori
al," she states. So, in addition to refus
ing to carry liquor and cigarett
advertising, other ads have been refused
on her recommendation. Certain chains
of day care providers, for example, were
turned down because they operated in
states with minimal standards. The mag
azine also stopped taking ads for a
"Teach Baby to Read" package because
it conflicted with advice given to parents
not to expect so much of their infants.
"It corrupts the relationship between
the editor and the readers to have advertising that undermines or contradicts the editorial," Crow insists. There has been no problem in such cases with the ad sales department, as long as editorial can document the problems, Crow adds.

Another area of compromise comes in letting the advertising department know in advance what stories will be running. At *Metropolitan Home*, editors preview ad sales on issues after they

Is it acceptable for an ad director to deliver personally a press release from the advertiser to the editor?



More of the editors on consumer titles (69.6 percent) found this acceptable. *(Note, the break-out of consumer/business responses is not shown here.) The percentage responses were almost identical for ad directors on business and consumer titles.*

are published, says publisher Steve Burzon. However, an editorial calendar prepared months in advance lets the ad staff know what general themes and topics in upcoming issues will be. "We may say the April '90 issue will be on 'Elements of Style,' but we won't talk about the types of stories to be written." Similarly, Burzon might discuss with the magazine's editor what month a particular story is running. "I might say do it in November because of some important marketing events taking place then. But we're not saying, please do a children's wear story so I can sell some children's advertising."

This is a far cry from the old days when the editor would say "This is what I'm writing about; sell it Charley," and the sale would take place over cocktails under the clock at the Biltmore, Burzon continues. "Editors today have to be more marketing savvy, but that doesn't mean the magazine's words and pictures are for sale," he states.

"A great story doesn't sell the magazine anymore," agrees Rauch.

"I give the ad sales staff a rundown of our future editorial plans, so if they want to interest advertisers in a certain project, they can," says Ed Kosner, editor and publisher of *New York Magazine*. "But we don't take suggestions from advertisers about what to run."

At one magazine, the editorial calendar became a sore point between the publisher and editor. "Every publisher has to insist on having the editorial product planned far enough ahead so sales can use it," says Jay Crum, publisher of *Ultra* and former publisher of *American Way*, where the issue arose. "The editors there were not willing to produce an editorial calendar accurate enough so that, for instance, we could know when an article on skiing would run. An editorial calendar not planned 12 months out handicaps advertising. Now, that's far from promising that certain advertisers would be mentioned in the story," he claims. "If we were doing a story on IBM, we wouldn't send our ad people to sell them an adjacency—that would lose credibility with the reader."

There were such disagreements between publishing management and editors at *American Way* that three editors left over the course of the two and a half years Crum was there. He himself has filed a wrongful discharge suit against the company, and as a consequence, editors there could not discuss his comments about the magazine.

Finally, the chief editor can act as a buffer for advertising requests. "Any request to speak to an editor on staff has to go through me," says Levine. "Once they know they have to call me first the number of calls drops," she adds. And any information on future editorial plans also comes through her.

At *Metropolitan Home*, when an advertiser suggests to Burzon that he has a great story idea, Burzon tells him to send it to the editor in a letter.

"I filter all calls for the staff," agrees Laberis. "I trust the writers to decide the bellwether companies to call and any requests for special coverage for specific advertisers stops with me. I don't pass them on." Laberis says he's worked out a "good system" with the sales department, which includes his calling the heads of companies who may have complaints about their coverage.

What's too much?

Laberis will discuss a company's coverage with execs from that company, but draws the line at going on sales calls. "My personal feeling is that's the worst thing an editor can do," he says.

Rauch, on the other hand, says editors should go to lunch with advertisers. "It's stupendous and there should be more of it," he claims, noting it gives editors a chance to present a side of the magazine that advertising perhaps cannot—authoritativeness in its field, for example.

All the editors interviewed said that any contact between advertising and editorial should be limited to the top editors—that junior editors were too impressionable to handle such meetings.

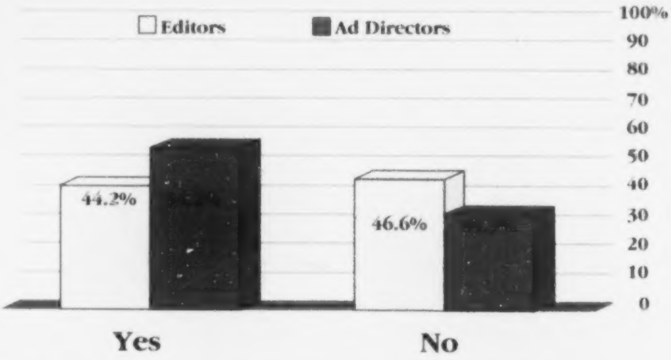
Editors should go to an advertiser with a salesperson only to explain the

Methodology

In June 1989 we mailed 1,000 copies of our survey to editors and advertising directors on business and consumer magazines. We asked them what they feel are appropriate requests for the advertising department to make of the editors. The mailing list was divided so that 250 surveys were sent to editors on consumer titles, and 250 to editors on business magazines. An additional 250 surveys were mailed to ad directors on consumer magazines, and 250 to ad directors on business titles. The mailing list was compiled from a random sample of names off our database. Research USA, Inc., Chicago, tabulated the results.

Two hundred fifty-one editors responded to the mailing, yielding a response rate of 52.3 percent. Another 238 advertising directors responded, creating a 48.9 percent response rate for that group. Overall, the survey achieved a 50.6 percent response rate.

Is it appropriate for the ad director to ask the editor to consider using advertisers as sources for stories?



***More ad directors than editors are comfortable with this**, but the gap was not as wide on this question. More consumer magazine editors (45.1 percent) said they were comfortable with this request.*

magazine's relationship with its readers, opines Carter. It can't be to help sell advertising.

Okrent goes on sales calls about every two to three months, and says he "can't pretend I'm not being used as a sales tool. I represent the magazine as much as if I'm giving a speech to a civic organization."

David Jordan, editor in chief of *Better Homes and Gardens*, will go with the publisher to make a general presentation to an advertiser and talk about the general positioning of the magazine. Departmental editors, such as the building editors, will visit with advertisers, but this is more to "learn about trends and to exchange information, while advertisers find out what readers are interested in. We don't make any promises to show their product." The magazine also won't tell an advertiser in advance what story will run when. "If we have an article on low cholesterol food and a food advertiser with a low cholesterol product wants to advertise, they'll only be told they can be put next to food editorial. We won't tell them when the cholesterol article is running."

Jordan notes the pressure he gets is secondary and he'll never hear a direct request to write something about an advertiser to salvage a sale. "I don't get that question," he says, "because they know the answer will be to fold that advertising four ways and tuck it where the sun don't shine."

Where serious difficulties do arise is in the coverage of advertisers versus nonadvertisers. "That's the second most frequently heard complaint," says Laberis. "An advertiser will say 'You did a round-up of the industry and you didn't include us.' "

"There are always pressures when you're doing a round-up to include as many advertisers as possible," says Rauch, "but it can get out of hand. Suppose you've got three pages allotted to a story on clothing trends and there are 49 companies that advertise. It would be a mess to include them all." Rauch recommends that editors keep logs of who was called and who didn't answer and why, to show ad sales that the effort was made. He also says ad sales can categorize the advertisers for editors to let them know which ones are more important to reach than others. He says editors should know who their advertisers are, and that in today's business climate they can't refuse to cover advertisers. "There will be five other magazines who will try to include all their advertisers—and if you don't, it will make it very hard for your salespeople to sell the magazine."

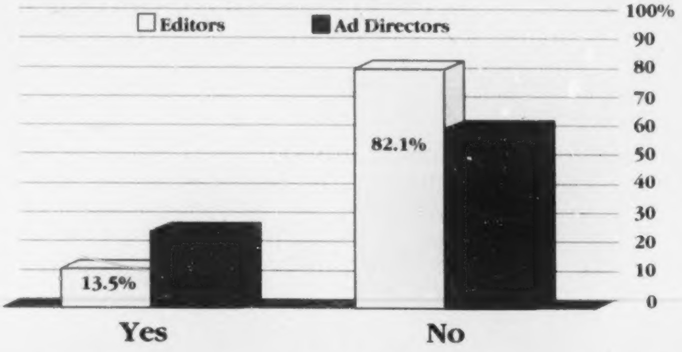
Although "we try to resist pressure to include advertisers over nonadvertisers, we don't bend over backwards to avoid advertisers," Okrent says. "If we have a piece running on kit houses and were running a list of manufacturers with phone numbers, both advertisers and nonadvertisers would be there. That's a service to the reader."

Bricklin takes another approach. "It's perfectly natural for the salespeople to want to know if an advertiser will be included in a round-up type story. My answer to them is 'I can't tell you.' Then at least they can tell their client they tried to find out and the editor couldn't tell them."

Handling requests

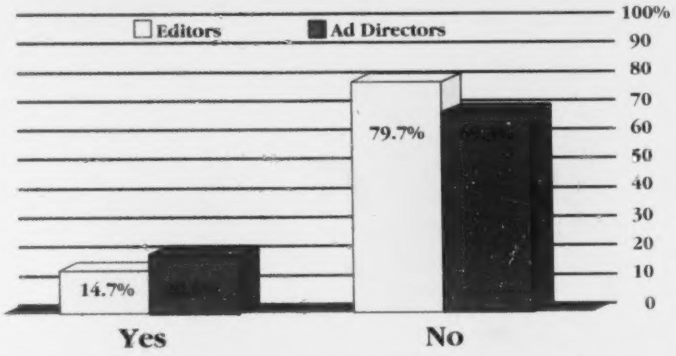
Some ad sales directors tell advertisers to take their requests directly to the editor. Others staunchly defend the editor's decision. "If I have an advertiser who insists on getting publicity before running, I tell him not to advertise. I explain that any and all press releases are given consideration by the editor and I do not make editorial demands on be-

Do you think it is acceptable for the ad director to ask the editor to give advertisers preference over nonadvertisers in stories?



***Business and consumer magazine editors were in almost total agreement** on this point—but the ad directors were not. While 31.5 percent of the ad directors on consumer magazines thought this was an appropriate request, only 21.1 percent of the ad directors on business magazines agreed, making for an average of 26.5 percent.*

Is it appropriate for the ad director to ask the editor to write a story about an advertiser?



Neither editors nor ad directors felt that easy with this idea. *But more ad directors on consumer magazines were comfortable with it (24.2 percent), compared to only 16.7 percent of the ad directors on business magazines who said "yes" to this question. Overall, almost 21 percent of ad directors felt okay about this request.*

half of advertisers. If I did, his customers would recognize that the publication is self-serving and his ads would be ineffective."

For some editors, special placement and position requests are getting out of hand.

"We've declined some free-form ads," says Carter, but also have accepted advertising that was not aesthetically pleasing, as long as it doesn't handicap the reader."

"I outright refused a request for a horizontal half spread to run through the middle of two pages," says Jordan. "The advertiser wanted recipes run above and below the ad, and I couldn't do anything with the space left to me. I don't consider that I won, since we lost about $100,000 worth of business, but at least I feel empowered to say no every once in a while."

What about advertorials?

A more serious problem, in some editors' view, are ads, including advertorials, that try to mimic editorial style. "There's an intense visual sophistication among advertisers," says Dorothy Kalins, editor of *Metropolitan Home*. "The Gap can buy six consecutive pages in the magazine and spend $50,000 per page on creative costs alone. That compares with our spending allowance of $2,000 per page. What they're buying is a piece of real estate in the magazine, and they make it look fabulous. It's a very effective print ad, but it looks better than our pages. Our only response is to keep on making good magazines."

Editors must retain the final say over advertorials, Kalins feels, to make sure "they don't look like editorial, and that the physical volume, layout and language is very different."

Labeling the ads clearly as "advertisement" is essential, adds Beldon, who notes there are more pressures for advertorials now than in the past.

It's also important, Burzon adds, to separate ads from the editorial they're mimicking. "Henredon and Drexel Heritage photograph their ads to look like a page out of *Metropolitan Home*, with an unmade bed, for example. We would be sure to separate them from a story we might be running on bedrooms," he says. "We dont want to give even the appearance of collusion."

One advertiser thinks readers are too smart to be taken in by such juxtapositions. "Putting a skin care ad next to a story about skin care shouldn't compromise an editor's integrity," says Raulee Marcus, senior vice president, marketing, research and development for Neutrogena. "Readers won't think collusion when they see that because they trust the magazine not to prostitute itself. We don't consciously try to blur the line between our ads and the edit, although some of our ads are very copy heavy because of all the information we're trying to convey. We state at the bottom of each ad "Thank you for reading this ad," she says.

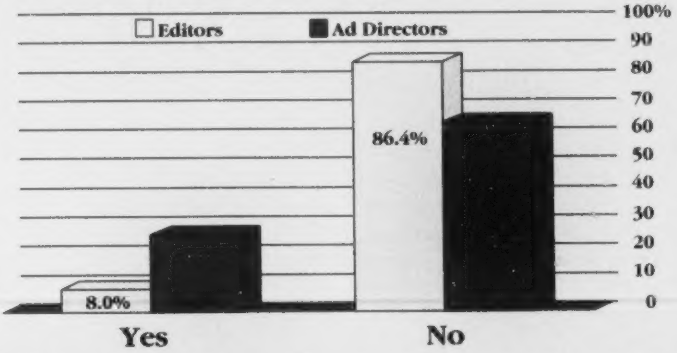
The advertising should be used to "enhance the read and look of the magazine," Marcus asserts, and the better the 'fit' between advertising and editorial, the better the magazine. For instance, she notes, even though *Connoisseur* and *Atlantic Monthly* readers may buy a lot of dog food, dog food ads would be incompatible with how the magazine is perceived. "A perfume ad, on the other hand, would be an enhancement," she explains.

More pressure now?

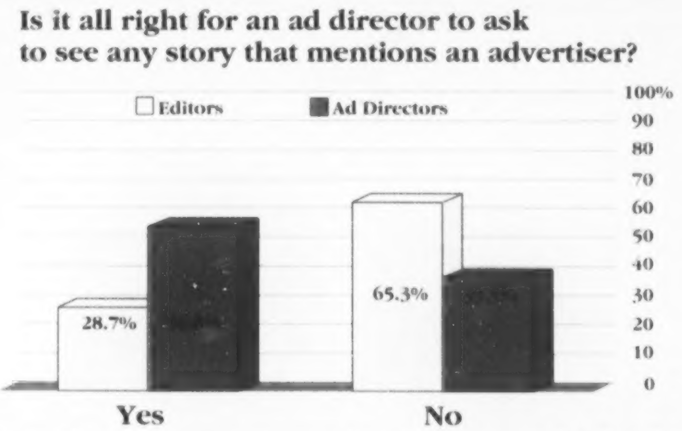
There is disagreement about the sources of advertising pressure on editors today, and whether it constitutes an increase from the past.

"Advertisers are groomed to holler about position and bring pressure to bear," says John Brady, a partner in Bra-

Is it acceptable for the ad director to ask the editor to avoid writing anything negative about advertisers?



There is a wide discrepancy here. *Certainly more ad directors feel all right about this request, but neither group is overwhelmingly comfortable. More ad directors on consumer magazines (33.1 percent) said "yes" to this question; only 20.2 percent of the ad directors on business magazines said "yes" to this question.*



More editors on consumer magazines (33.3 percent) felt that this was acceptable. *Only 25.5 percent of the business magazine editors said "yes" to this question, making for a 28.7 percent overall response. A large number of ad directors on consumer magazines (67.8 percent) felt that this was appropriate to ask of editors. Only 44.7 percent of the ad directors on business magazines felt the same.*

dy & Paul Communications. "Years ago there were unwritten rules in magazine journalism that you couldn't write articles about cancer because of the fear of offending the cigarette manufacturers. *Reader's Digest* broke ground some 25 years ago with some cancer stories, but for a long time magazines promoted cigarettes. I don't know if the church/state separation was ever really the case, or whether there were always rules of war to keep editorial from stepping on advertising," he says.

One reason that advertisers may feel more freedom now to ask for editorial favors is that more publishers have come up the advertising side of magazines, Brady adds. "I would say most publishers today have never edited a magazine." Consequently, advertisers may now feel less inhibited about making their requests to ad-sensitive publishers.

At the same time, new editors coming up through the ranks may be less resistant to this kind of pressure, he suggests. "The old hard-line resistance is beginning to fade. Publishers are coming up with highly creative ways of doing soft editorial and it takes a very strong editor to fight it," Brady notes. "Publishers now choose covers and approve copy, which used to be editorial functions solely," Brady says. "Once publishers get a little of this editorial involvement it's like morphine—they can't stop. It's power tripping." Besides, this is the age of public relations, Brady continues, and editors are being trained in that reality in journalism schools.

"New editors coming out of journalism schools may have a lessening of that fire in the belly" for the good story, Carter adds, and "may have more of a desire for personal success and less for the common good." It helps if editors report to a president, rather than to an ad-responsible publisher, Carter adds. "Then they're better able to deflect the pressure."

"Once publishers get a little of this editorial involvement it's like morphine—they can't stop. It's power tripping."

[redacted]

It isn't really a matter of an escalating trend to more pressure, comments Laberis, but that pressure changes with fluctuations in the ad sales climate. "When business is good and sales are making their quotas, you feel it less," he remarks.

"I don't know if it's because of a tighter sales climate," Okrent muses. "It just may be that the world has changed. Why do fans chant obscenities from the upper decks of Yankee Stadium?"

"The profit motive is a little more blatant today," adds Crum. "A lot of publications were started by individuals with a dream, but now they're owned by corporations with different dreams—who have to answer to stockholders and have budgets to meet. The responsibility to create profitable bottom lines puts more pressure on editors than there used to be. But that's not pressure to make more editorial mentions of advertisers; it's to produce an environment in which the advertising works well."

Then there's the question of whether such collaboration is pressure or not. Myrna Blyth, editor of *Ladies' Home Journal*, recalls a publisher suggesting an idea to an editor which turned into a fabulous theme. "Now is that creative stimulation or is it pressure?" she asks. "We can have more collaboration, but it can be very creative. There's no simple answer."

Perhaps Elizabeth Crow sums it up best: "Editors and ad people should know as much as possible about each others' business, but they should not attempt to do each others' jobs."☐

FOLIO:'s 1989
Circulation salary survey

Which pays circulation people better, consumer or business magazines? What part do incentives play? And more

BY ROBERT M. STEED

Top circulation professionals sometimes seem to have split personalities: high levels of imagination and creativity for preparing promotions, and strong analytical and statistical skills for massaging the numbers. Or, as one circulation director put it in commenting on what he/she likes best in the job:

"When the numbers become boring, you can have fun with the promotions (creative). When the creative gets too 'fluffy,' the numbers give you a sense of direction and purpose."

For people who combine these two apparently incompatible skills, the rewards can be substantial--especially if they work on large consumer publications. This survey, FOLIO:'s fifth annual look at the pay of circulation professionals, provides the complete rundown on salary and total compensation for both top circulation executives (directors) and the second level of circulation management (managers), broken down by key factors affecting compensation, such as the demographics of the respondents and the size and nature of their publications.

Some overall conclusions:

- Average salary and total compensation for directors and managers on consumer magazines are both substantially higher than for those on business publications. But that is almost entirely due to the high compensation paid on large circulation consumer magazines.
- Women dominate the profession in numbers, representing 60 percent of the directors and 80 percent of the managers. But they lag substantially in pay, earning salaries averaging only 75 percent of men's.
- The Northeast region leads the rest of the nation in compensation by a wide margin. And almost half the circulation directors work there.
- Incentives are a major factor in the pay of many directors: over half the directors receive a bonus, while only a third of managers do so.

Circulation directors

The overall average salary of circulation directors is $43,834. But those on consumer magazines average $49,097, almost $11,000 (28 percent) more than their counterparts on business publications. Further, the total compensation of directors who receive a bonus is $68,820 on consumer magazines, over 50 percent more than the $44,571 earned by those on business magazines.

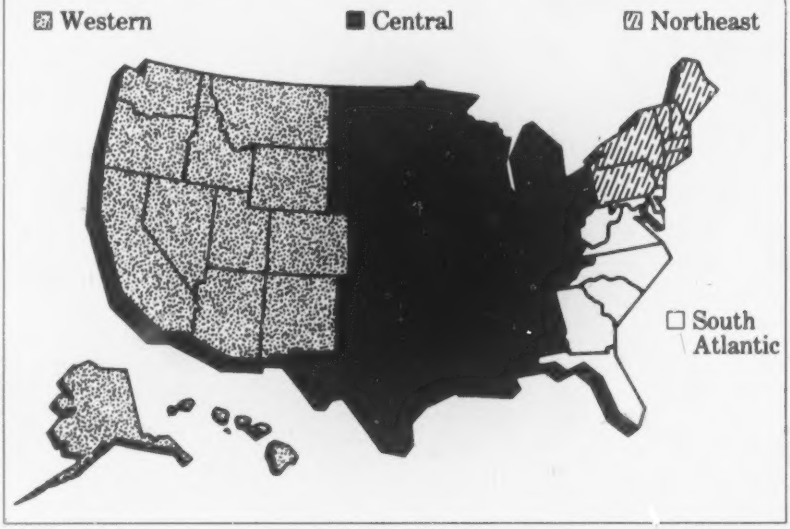
Analysis of the data by circulation size explains most of these differences. There is a steady rise in salary from $28,648 at the smallest circulation mag-

PHOTOGRAPHS BY PAUL MCGUIRK

Robert M. Steed is managing director of Performance Plus . . . Inc., a New York-based consulting firm that uses improvisational dramatizations to provide corporate clients with a broad range of programs for seminars, conferences, training courses and communications efforts. Before co-founding Performance Plus . . . , Steed was vice president and director of personnel of Time Inc.

azines to $48,631 at those with circulations between 100,000 and 500,000. Salaries then jump to $76,894 (and total compensation passes $100,000) at magazines with circulations of 500,000 or more.

The regions have been divided as follows:



But in every size category except the largest, salaries of circulation directors on business magazines are higher than for their consumer counterparts. Thus it is clear that salaries and bonuses on large circulation consumer magazines are the main reason the overall consumer averages are so much higher. This example underscores the importance of using the data in this survey carefully. Often the most useful data are in the breakdowns, not the overall averages.

Along with circulation size, periodicity is a clear indicator of pay, with directors on weeklies and biweeklies earning $5,000 more than directors on monthlies. It pays to work on a paid circulation magazine, with those who do making salaries $6,000 (16 percent) more than those on nonpaid publications; and their total compensation is $15,000 (33 percent) higher.

Size of the circulation department also directly correlates with pay. Directors responsible for a staff of more than 10 earn 2.5 times as much salary as those who supervise no one, and pay rises steadily in between.

Almost 60 percent of the directors do double duty (or more), and they are rewarded for it. Directors responsible for more than one magazine earn almost $10,000 (22 percent) more in salary than those who work on only one publication.

The Northeast is clearly the place to be for a circulation director. Salaries there average $50,072—more than $13,000 higher than in the Central region, which is the lowest paid. And total compensation in the Northeast is $65,866, over $25,000 more than in the South Atlantic, which takes over the cellar.

Despite the fact that 60 percent of the directors responding to this survey are female, women trail men sharply in pay, earning only about 75 percent of what men do in both salary and total compensation. Further, 57 percent of the men receive a bonus, versus only 43 percent of the female directors.

Salary correlates directly with experience—almost. It increases by more than two times, from $28,976 for those with less than four years' experience, to $61,457 for those with between 11 and 20 years. Then, surprisingly, it drops to $52,133 for those in the business more than 20 years. This same pattern is repeated when the data are broken down into age cohorts.

As has been indicated, bonuses are a significant factor in the overall pay of circulation directors. Bonus-paying companies pay higher salaries; the salaries of directors eligible for a bonus average over $10,000 (21 percent) more than salaries of those who are not eligible. And the total compensation of those who receive a bonus averages $55,909, over $17,500 (46 percent) more than those who don't.

Circulation managers

Earnings of circulation managers are sharply lower than earnings of directors. Their average salary of $27,481 is only 62 percent of the average for directors; and the average total compensation of those who receive a bonus ($31,355) is 56 percent of the average for their more senior colleagues. And, while the compensation patterns evident among directors are generally

Using the numbers

It is important to use the salary information in this survey cautiously. In many instances there were not enough respondents in certain subcategories to allow valid conclusions to be reached, because even one exceptionally high or low salary could affect the average dramatically. For this reason, FOLIO: is publishing the number of respondents in each cell (shown in parentheses).

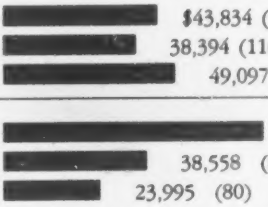
In addition, not all respondents answered all questions. Therefore, the total number of respondents in the "average" column of a chart is not necessarily the sum of the subcategories.

The survey also examines only one variable at a time. For example, circulation directors in the Northeast earn higher salaries than their peers in other regions. But are those in the Northeast who participated in the survey working on larger magazines? Are they the ones with the most experience? The survey methodology does not enable these multiple variables to be analyzed.

One should also be cautious about comparing the data in this survey with data from prior years. Because the sample is drawn randomly from mastheads each year, those who responded to this survey may well come from a different mix of magazines or demographics than respondents to prior surveys. Comparisons are thus best made not on the broad averages, but on the more detailed breakdowns by magazine size, respondents' experience, and the like.

Circulation director

Circulation director, or top circulation executive: Plans, directs and coordinates circulation marketing efforts. Directly responsible for budgeting and analyses of single-copy and all subscription programs, list rentals, and database planning and maintenance.



Average salaries (The number of respondents is in parentheses.)		% increase from '88 to '89
All respondents	$43,834 (240)	12.1%
Business	38,394 (116)	13.6
Consumer	49,097 (118)	10.5
Top one-third	$68,949 (80)	
Middle one-third	38,558 (80)	
Bottom one-third	23,995 (80)	

	Average	Average business	Average consumer
By region:			
Northeast	$50,072 (107)	$43,111 (45)	$55,572 (58)
South Atlantic	37,223 (40)	36,995 (20)	38,184 (19)
Central	36,740 (53)	34,482 (31)	39,204 (21)
Western	43,162 (39)	35,245 (20)	51,495 (19)
By sex:			
Male	$51,927 (96)	$45,856 (43)	$57,454 (50)
Female	38,494 (143)	34,048 (72)	42,951 (68)
By age:			
29 or less	$29,671 (57)	$27,924 (29)	$31,480 (28)
30-39	47,804 (99)	39,788 (42)	54,821 (53)
40-49	50,128 (51)	41,696 (22)	56,578 (28)
50 or more	47,695 (32)	45,891 (23)	51,092 (8)
Eligible for bonus incentive:			
Yes	$48,606 (129)	$41,687 (62)	$56,024 (63)
No	38,288 (111)	34,613 (54)	41,161 (55)
By years in circulation:			
Up to 3	$28,976 (63)	$28,261 (33)	$28,836 (28)
4-10	44,317 (118)	39,211 (55)	48,903 (59)
11-20	61,457 (41)	50,503 (16)	68,468 (25)
More than 20	52,133 (15)	46,045 (11)	68,875 (4)
By employees supervised:			
None	$27,285 (25)	$25,962 (13)	$28,718 (12)
One-2	36,671 (77)	33,942 (28)	38,697 (47)
3-10	45,299 (102)	37,595 (54)	54,278 (46)
More than 10	67,397 (35)	54,081 (21)	91,517 (12)
Responsible for:			
One magazine	$37,612 (99)	$33,929 (40)	$40,721 (56)
More than one	48,203 (141)	40,744 (76)	56,661 (62)
By circulation:†			
Up to 19,999	$28,648 (32)	$31,867 (19)	$23,313 (12)
20,000-49,999	30,247 (45)	30,724 (28)	25,204 (14)
50,000-99,999	37,826 (54)	38,267 (36)	36,944 (18)
100,000-499,999	48,631 (76)	49,212 (30)	48,320 (44)
500,000 or more	76,894 (31)	37,000 (2)	79,645 (29)
By frequency:†			
Weekly/biweekly	$48,594 (46)	$40,429 (28)	$62,656 (15)
Monthly	43,454 (147)	37,499 (73)	49,609 (72)
Other	40,362 (47)	38,953 (15)	41,346 (31)
By circulation type:†			
Paid	$45,887 (152)	$40,640 (42)	$48,429 (107)
Nonpaid	39,602 (87)	37,120 (74)	51,152 (10)

†Refers to the largest circulation magazine on which respondent works.

repeated among managers, the differences are not as sizable.

Managers on consumer magazines earn $29,298 versus $26,549 for their business counterparts, a differential of 10 percent. Bonus payments lift this gap to 32 percent, with managers on consumer magazines who receive a bonus earning $36,620 versus $27,749 for those on business publications.

As is true for their bosses, these differentials are almost entirely accounted for by the pay levels on large consumer magazines. In the breakdown of salary by circulation size, managers on business publications earn more than their consumer counterparts in every size category—except the over-500,000 circulation category, where the consumer average of $44,433 is sharply higher than for any other category.

"Response rates and successful marketing plans occur regardless of sex, color or creed. That's why I believe women have achieved so much in circulation and will dominate this area of publishing."

—Circulation director in the Northeast working on three magazines, earning salary and bonus in the low forties.

Another strong indicator of pay levels is size of the circulation department. Managers with large supervisory responsibilities, managing departments of 10 or more people, earn more than twice as much in salary as those who manage no one, and pay increases steadily between these extremes. Almost two-thirds of the managers are responsible for more than one magazine; and their salary is $6,000 (25 percent) higher than salaries of those who work on only one.

Managers on weeklies and biweeklies outpace managers on monthlies by about $4,500 (16 percent). And those who work on paid circulation publications earn about $3,000 more than those on nonpaid ones. However, among business publications, salaries of managers on nonpaid circulation magazines is slightly higher than for those

"I'm learning as much as I can about a profession as strange as circulation. Were there classes in school I could have taken for this?"

—Circulation manager with less than a year's experience, earning salary and bonus of roughly $15,000.

[redacted]

on paid publications.

Pay levels in the Northeast for managers lead the nation—but not by as large a margin as they did for directors. The $31,653 average salary and $35,718 average total compensation in the Northeast are, in both cases, about $7,500 higher than those in the lowest paid area—the Central.

Female circulation managers have a long way to go to catch up to the pay levels of men. Although women represent 80 percent of the sample, their salary is only 74 percent of their male counterparts' salary; and among consumer publications it is only 70 percent. They fall even further behind on a total compensation basis, where women's salary plus bonus is 65 percent of men's.

The respondents to this survey are relatively young and inexperienced—41 percent of the managers are under 30 and almost half have been in the circulation business less than four years. Yet age does not appear to have a strong impact on the salary of circulation managers. Those under 30 earn about

Circulation manager

Circulation manager: Generally the second level of management in the circulation department. Administers circulation programs for subscriptions and single-copy sales. Handles all facets of circulation for one or more titles.

Average salaries (The number of respondents is in parentheses.)

		% increase from '88 to '89
All respondents	$27,481 (220)	14.4%
Business	26,549 (118)	13.5
Consumer	29,298 (92)	16.2
Top one-third	$40,366 (73)	
Middle one-third	25,024 (73)	
Bottom one-third	17,194 (74)	

	Average	Average business	Average consumer
By region:			
Northeast	$31,653 (72)	$30,681 (36)	$33,243 (34)
South Atlantic	26,919 (31)	26,041 (22)	30,138 (8)
Central	24,148 (66)	23,673 (39)	25,789 (21)
Western	26,033 (47)	24,006 (18)	27,409 (28)
By sex:			
Male	$34,813 (43)	$31,647 (21)	$37,836 (22)
Female	25,757 (175)	25,509 (96)	26,681 (69)
By age:			
29 or less	$23,926 (90)	$23,438 (50)	$24,836 (37)
30-39	30,399 (71)	28,896 (37)	32,035 (34)
40-49	29,031 (36)	28,270 (21)	31,538 (12)
50 or more	29,958 (23)	29,808 (10)	34,311 (9)
Eligible for bonus incentive:			
Yes	$28,838 (77)	$25,941 (45)	$33,327 (31)
No	26,751 (143)	26,924 (73)	27,250 (61)
By years in circulation:			
Up to 3	$23,529 (105)	$23,795 (58)	$23,299 (45)
4-10	29,595 (79)	26,955 (39)	33,368 (35)
11-20	32,103 (22)	30,479 (14)	38,151 (7)
More than 20	34,951 (11)	35,640 (5)	40,500 (4)
By employees supervised:			
None	$21,207 (60)	$20,362 (33)	$21,859 (25)
One-2	27,711 (94)	27,140 (49)	29,184 (41)
3-10	31,026 (57)	28,459 (28)	35,454 (25)
More than 10	44,464 (9)	41,772 (8)	66,000 (1)
Responsible for:			
One magazine	$23,624 (74)	$22,991 (33)	$24,140 (39)
More than one	29,501 (145)	28,025 (84)	33,093 (53)
By circulation:†			
Up to 19,999	$19,761 (36)	$20,377 (24)	$19,075 (11)
20,000-49,999	22,526 (65)	22,893 (44)	21,945 (20)
50,000-99,999	30,392 (45)	33,967 (27)	25,989 (13)
100,000-499,999	30,553 (53)	31,310 (22)	30,552 (29)
500,000 or more	43,015 (20)	30,500 (1)	44,433 (18)
By frequency:†			
Weekly/biweekly	$31,845 (37)	$31,936 (25)	$31,655 (12)
Monthly	27,383 (141)	25,616 (77)	30,944 (54)
Other	23,916 (41)	22,400 (15)	24,790 (26)
By circulation type:†			
Paid	$28,926 (119)	$26,332 (36)	$30,837 (76)
Nonpaid	25,845 (97)	26,543 (80)	22,607 (14)

†Refers to the largest circulation magazine for which respondent works.

Average annual total compensation*

	Circulation director	Circulation manager
Received bonus incentive:		
Yes	$ 55,909 (118)	$31,355 (67)
No	38,288 (111)	26,751 (143)
By magazine type:		
Consumer	$ 68,820 (55)	$36,620 (28)
Business	44,571 (59)	27,749 (38)
By region:		
Northeast	$ 65,866 (56)	$35,718 (25)
South Atlantic	40,312 (22)	28,742 (6)
Central	45,358 (22)	28,177 (23)
Western	56,894 (18)	29,896 (12)
By sex:		
Male	$ 64,467 (55)	$43,281 (14)
Female	48,679 (62)	28,350 (52)
By age:		
29 or less	$ 35,600 (27)	$26,665 (33)
30-39	63,611 (51)	33,907 (24)
40-49	61,610 (25)	42,657 (7)
50 or more	59,828 (14)	36,167 (3)
By years in circulation:		
Up to 3	$ 35,630 (28)	$25,348 (32)
4-10	57,860 (58)	35,835 (23)
11-20	75,172 (23)	37,560 (8)
More than 20	54,783 (6)	41,250 (4)
By employees supervised:		
None	$ 37,659 (8)	$21,679 (14)
One-2	46,726 (35)	33,273 (32)
3-10	54,010 (55)	36,130 (17)
More than 10	87,003 (19)	29,588 (4)
Responsible for:		
One magazine	$ 50,037 (42)	$26,249 (20)
More than one	59,155 (76)	33,529 (47)
By circulation:†		
Up to 19,999	$ 38,567 (12)	$21,742 (10)
20,000-49,999	33,918 (24)	24,887 (22)
50,000-99,999	45,214 (25)	31,002 (13)
100,000-499,999	59,973 (39)	37,937 (15)
500,000 or more	105,071 (17)	51,971 (7)
By frequency:†		
Weekly/biweekly	$ 59,374 (27)	$33,463 (9)
Monthly	55,664 (76)	33,117 (45)
Other	50,918 (15)	23,800 (13)
By circulation type:†		
Paid	$ 60,556 (77)	$35,723 (33)
Nonpaid	45,363 (40)	26,471 (33)

*The number of respondents is in parentheses; includes only individuals who reported receiving both salary and bonus.

†Refers to the largest circulation magazine on which respondent works.

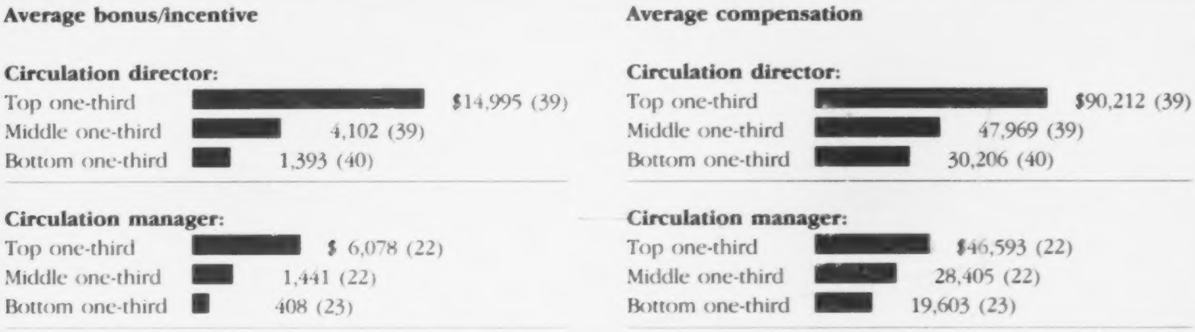
Average annual bonus/incentive*

	Circulation director	Circulation manager
Average bonus/incentive:	$ 6,784 (118)	$2,609 (67)
By magazine type:		
Consumer	$ 9,602 (55)	$2,579 (28)
Business	4,167 (59)	2,674 (38)
By region:		
Northeast	$ 8,444 (56)	$2,362 (25)
South Atlantic	4,543 (22)	5,725 (6)
Central	3,266 (22)	2,204 (23)
Western	8,656 (18)	2,508 (12)
By sex:		
Male	$ 7,802 (55)	$5,066 (14)
Female	5,942 (62)	1,973 (52)
By age:		
29 or less	$ 2,933 (27)	$1,822 (33)
30-39	8,662 (51)	2,057 (24)
40-49	8,358 (25)	8,257 (7)
50 or more	4,998 (14)	2,500 (3)
By years in circulation:		
Up to 3	$ 3,452 (28)	$1,894 (32)
4-10	7,426 (58)	2,530 (23)
11-20	9,948 (23)	2,310 (8)
More than 20	3,617 (6)	9,375 (4)
By employees supervised:		
None	$ 3,906 (8)	$ 761 (14)
One-2	5,299 (35)	2,270 (32)
3-10	6,271 (55)	4,950 (17)
More than 10	12,466 (19)	1,838 (4)
Responsible for:		
One magazine	$ 5,854 (42)	$1,521 (20)
More than one	7,298 (76)	3,072 (47)
By circulation:†		
Up to 19,999	$ 3,546 (12)	$1,530 (10)
20,000-49,999	2,688 (24)	3,151 (22)
50,000-99,999	5,058 (25)	1,425 (13)
100,000-499,999	6,384 (39)	3,023 (15)
500,000 or more	18,412 (17)	3,757 (7)
By frequency:†		
Weekly/biweekly	$ 7,800 (27)	$4,867 (9)
Monthly	6,820 (76)	2,592 (45)
Other	4,771 (15)	1,104 (13)
By circulation type:†		
Paid	$ 7,521 (77)	$3,456 (33)
Nonpaid	5,033 (40)	1,477 (33)

*The number of respondents is in parentheses; includes only individuals who reported receiving both salary and bonus.

†Refers to the largest circulation magazine on which respondent works.

Range of average bonus/incentive and total compensation*



*Includes only individuals who reported receiving both salary and bonus; the number of respondents is in parentheses.

$24,000. All the other age cohorts are tightly bunched—and surprisingly, those between 30 and 39 have the highest average, at about $30,400. Experience has a somewhat stronger effect, with salary rising from $23,529 for those in the business less than four years, to $34,951 for those with 20 or more years' seniority.

Bonus/incentive payments play a much smaller role in pay practices among managers than they do for directors. Only 35 percent said they were eligible for a bonus; and only 32 percent receive one. The salary of bonus-eligible managers is $2,000 (8 percent) more than for those who aren't eligible; and the total compensation of those receiving a bonus—at $31,355—is $4,600 (17 percent) more than those who didn't earn a bonus.

Highs and lows

There are clearly wide differences in the pay of circulation directors and managers (as there are for most groups of professionals), based on factors such as the nature and size of the magazine, regional differences and demographics—as well as profitability and the publisher's compensation philosophy and attitude toward incentives.

Nowhere are those differences more evident than in comparing the highest and lowest paid in each category. For example, the salary of the highest paid one-third of circulation directors is $69,000—three times as much as that of the lowest paid one-third. Total compensation of the highest paid one-third who receive a bonus jumps to $90,000, again three times that of the lowest paid one-third. Clearly, top circulation directors—especially in bonus paying companies—can earn sizable incomes.

Among circulation managers, on the other hand, salary for the top one-third is $40,400, 2.3 times that of the lowest paid one-third. But total compensation of the top one-third who receive a bonus moves up only to $46,600, a little over half the comparable figure for directors. There thus appears to be much less leverage in the incentive practices applied to managers than for their bosses.

At the bottom end of the pay range, on the other hand, practices seem much more similar. The lowest paid one-third of directors makes $24,000 in salary, only 40 percent more than the $17,200 paid to the lowest paid managers. This increases to $30,200 in total compensation for the lowest paid directors, 54 percent more than the comparable figure for managers.

It is impossible to predict what direction pay practices will take among circulation professionals. But it would appear that, as publishers increasingly attempt to reward highly those who perform the best and contribute the most to the publication, they will increasingly turn to more leveraged incentive programs to help them do so.☐

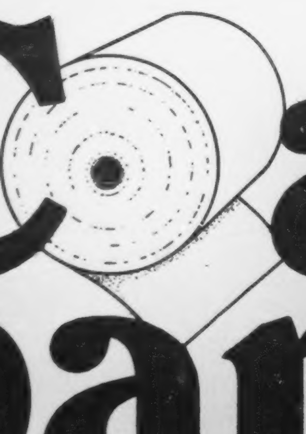
Methodology

Five hundred twelve of the 1,070 circulation professionals who received questionnaires responded to FOLIO:'s fifth annual circulation salary survey, resulting in an overall response rate of 47.8 percent. Of the total responses, 458 (42.8 percent) contained sufficient information to be used for tabulation. The survey was conducted through two mailing efforts in June. Participants were asked to supply data reflecting 1989 earnings; if exact figures were unavailable, they were requested to estimate.

In some cases, respondents did not give an exact bonus or incentive figure, but gave an expected range instead. Here the mean was used for tabulation. For example, if a circulation professional indicated that his or her annual bonus/incentive would be between $4,000 and $6,000, the arithmetic mean of $5,000 was used as that respondent's expected bonus/incentive for the year.

Fifty-five percent of the mailing was sent to circulation directors and 45 percent to circulation managers. The response rate from managers was somewhat higher than from directors. Each category was also approximately evenly divided between consumer and business publications. About two-thirds of the sample was drawn from magazines with under 100,000 in circulation, and one-third from magazines with over 100,000 in circulation.

A job description has been included with each compensation chart. These descriptions were printed on the questionnaire, and respondents were asked to choose the description that most accurately reflected their duties.



Coated paper

A look at developing trends in the supply/demand balance of coated papers, and what those changes mean to publishers

BY ARTHUR C. VEVERKA

Every publisher knows the importance paper plays in establishing budgets and planning production. Increases and decreases in paper supply—and, consequently, price—have significant impact on the health of a magazine's bottom line. With that in mind, this analysis of the coated paper supply situation as it is now and as we project it to be in the months ahead is offered as a guide to publishers planning for their paper needs.

Coated papers imported into the United States increased considerably in 1988, confirming that coated markets have truly become international in flavor. The growth rate recorded by imports was 18.4 percent on an absolute increase in tonnage of 124,000 tons. This gain was led by coated free sheet imports, which increased by 32.5 percent to 257,000 tons. Imports of coated groundwood, coming off the spectacular growth of almost 56 percent from 1986 to 1987, rose to 541,000 tons—a further gain of 12.7 percent in 1988.

Why did imports surge?

With the tonnage growth experienced in 1988, imports now hold 11.6 percent and 7.6 percent shares of the U.S. coated groundwood and free sheet markets, respectively. As a result, there are two questions facing both domestic suppliers and consumers—in particular, publishers:

- What has caused the surge in imports?
- What do developing trends mean to magazine publishers?

In this article we will attempt to answer the above questions, look at other trends affecting demand for coated papers, and review the supply/demand outlook—especially the implications for users of the grades. Next month we will focus on the outlook for uncoated printing papers.

Demand expected to slow

The dramatic and rapid increase in imported coated papers over the last two years has contributed to a good supply situation from a user's point of view. This increase was a direct result of the availability of higher quality coated free sheet paper from offshore sources and Canadian coated groundwood paper.

However, we believe that the period of rapid growth for imports of coated papers is coming to a close. There are several factors that lead us to this conclusion. Primary among them is our belief that there will be a near-term slow down in the U.S. economy. This will, in turn, slow paper demand and will cause prices to soften—something that is already beginning to occur. Given the relative weakness of the U.S. dollar, declines in paper prices will make the market in the United States less attractive

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Coated groundwood: Supply/demand profile (1987-1990)—United States and Canada

(000 SHORT TONS)

			FORECAST	
	1987	1988	1989	1990
United States				
U.S. SHIPMENTS:	3,781	4,159	4,225	4,275
- DOMESTIC	3,743	4,113	4,170	4,205
- EXPORT/CANADA	35	41	45	50
- EXPORT/OTHER	4	5	10	20
U.S. IMPORTS:	481	541	510	525
- FROM CANADA	186	211	210	250
- FROM ALL OTHER	294	330	300	275
CONSUMPT/DEMAND	4,224	4,654	4,680	4,730
U.S. CAPACITY	4,132	4,376	4,478	4,659
U.S. OPER. RATE (%)	91.5%	95.0%	94.4%	91.8%
Canada				
CAN. SHIPMENTS:	331	365	415	500
- DOMESTIC	145	154	195	230
- EXPORT/U.S.	186	211	210	250
- EXPORT/OTHER	0	0	10	20
CAN. IMPORTS:	50	56	55	60
- FROM U.S	35	41	45	50
- FROM ALL OTHER	15	15	10	10
CONSUMPT/DEMAND	195	210	250	290
CAN. CAPACITY	364	380	430	573
CAN. OPER. RATE (%)	90.9%	96.1%	96.5%	87.3%

Source: Jaakko Poyry Consulting

to offshore suppliers.

Another major factor is the change occurring in the domestic supply situation, in terms of both quantity and quality.

However, as we will see later, the supply picture over the next several years is good. In addition, U.S. mills have gradually improved the quality of their coated sheets in direct response to the higher quality imports. We foresee this quality trend continuing. All of this translates into less demand for imported papers.

Domestic demand

Magazine consumption is represented by consumer and business magazines, trade journals, comic magazines, Sunday newspaper magazines and TV magazines. As a group, they consumed over 4 million tons in 1988, and are expected to consume about 4.2 million tons in 1989.

Unless the dollar keeps rising, the period of rapid, dramatic growth for coated paper imports will be drawing to a close.

Coated paper continues to be the paper of choice for magazines. The percentage of coated paper used in magazines was 74 percent in 1985, and is relatively unchanged at the current level of 73 percent. We believe that, as additional coated capacity comes on line, coated paper will increase its market share marginally because of magazines' demand to upgrade for high-quality, process-color work.

Catalogs and direct mail still also represent major end-uses for coated paper.

Actual 1988 and projected 1989 consumption is 2.9 million tons and 3.1 million tons, respectively. These tonnages translate into approximately 51 percent of the total printing papers used in these end-use applications.

As with magazines, the trend is toward the increased use of coated paper as better color printing is demanded. In 1983, the percentage of coated paper used for catalogs and di-

Key definitions: Understanding paper grades

The U.S. magazine paper market is supplied by three major paper grades. Close to 85 percent of all papers used by magazines (and the focus of this article) can be classified as coated groundwood, coated free sheet or supercalendered (SC). (The remaining 15 percent of all magazine publication printing papers are newsprint, uncoated groundwood MF specialties, or uncoated free sheet grades.) Within these three major classifications there are numerous emerging subsegments.

Additionally, depending on whether your paper is sourced from the United States, Canada or other offshore locations, there are several semantic and quantitative differences. (Most offshore-produced papers are sold on a metric basis, for example, and are generally quoted on a grams-per-square-meter basis.) The most important grade segments serving the magazine market follow:

Coated groundwood

These are expected to represent almost 60 percent of all magazine printing papers consumed during 1989. Historically, the term "coated groundwood" was synonymous with the term "coated #5." However, the coated groundwood magazine category now encompasses over 250,000 tons of coated #4 (up from 200,000 tons in the previous year.)

Papers bearing the groundwood designation contain a minimum of 10 percent (or more) of groundwood and/or mechanical-type pulp in their furnish. Typical coated groundwood sheets contain close to 50 percent to 60 percent groundwood.

For those not familiar with industry classifications, the American Paper Institute (API) divided coated papers into five major segments based on various brightness levels, regardless of groundwood content. Coated #5 grades generally represent those coated grades with brightness levels of less than 72.9. Coated #4 grades possess brightness ranges from 73 through 78.9. Coated #3 grades and higher range from 79 and higher.

Lightly treated coated (LTC)

These groundwood printing papers, which are sometimes known as pigmented coated papers, have also emerged as a new substrate for magazine publishing. These imported grades are matte finished with printed gloss equivalent to coated #5 grades. More important, their brightness levels extend up to the 74-75 level.

API definitions for coated papers relate to coated glossy grades. By virtue of the matte finish, new LTC grades have provided industry classifiers with a struggle in classification.

Coated free sheet

These will represent close to 15 percent of all magazine printing papers during 1989. Coated free sheet encompasses the complete range of coated grades, from coated #1 through coated #5. The latter segment (coated free sheet #5), which historically has been exclusively a coated groundwood market segment, currently accounts for close to 5 percent of all coated free sheet printing paper consumption.

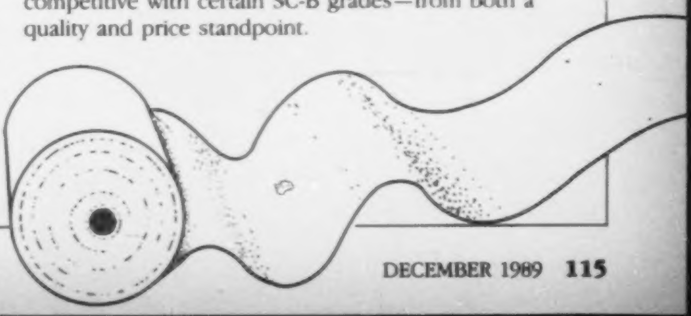
Supercalendered

During 1989, supercalendered (SC) grades should represent close to 12 percent (up from 7 percent in the previous year) of all magazine publishing papers. One of the most important points in reviewing the magazine paper spectrum is the increasing quality available from SC paper producers. Because of the advancing capabilities of SC paper grades, magazine publishers using coated #5 have been forced to look at the emerging coated #4 grade category as a means of distinguishing their publications from the average.

The overall quality of SC grades is advancing so quickly that, within a few years, even the most sophisticated paper buyer may not be able to tell the difference in grade classification. Even today, most consumers would rarely be able to detect, within certain basis weights on a highly ink covered sheet, certain coated #5 grades from some of the better SC finished grades.

Within the SC spectrum, there are three identifiable segments and one new segment emerging for magazine publishers.

1. Premium SC-A grades are just emerging as a new segment, and represent a better formed paper grade that is surface sized for improved heatset web-offset printing. Brightness levels approach coated #5 grade levels.
2. SC-A grades are typically defined as being highly filled (that is, they contain a high clay content, very similar to coated paper), and are highly supered, thus providing a somewhat smooth surface for better printability. Generally, brightness levels are around the 68-70 level, also very similar to coated #5.
3. SC-B grades contain somewhat less filer and are not supered to the levels of SC-A grades. Brightness tends to be around the 65-66 level.
4. SC-C grades contain no filler, but are highly supered. The resulting product has proved to be very competitive with certain SC-B grades—from both a quality and price standpoint.



Coated free sheet: Supply/demand profile (1987-1990)—United States and Canada

(000 SHORT TONS)

			FORECAST	
	1987	1988	1989	1990
United States				
U.S. SHIPMENTS:	3,078	3,200	3,450	3,585
- DOMESTIC	3,016	3,149	3,390	3,525
- EXPORT/CANADA	42	35	40	40
- EXPORT/OTHER	20	16	20	20
U.S. IMPORTS:	194	257	230	230
- FROM CANADA	23	28	25	30
- FROM ALL OTHER	171	229	205	200
CONSUMPT/DEMAND	3,210	3,405	3,620	3,755
U.S. CAPACITY	3,229	3,412	3,607	3,890
U.S. OPER. RATE (%)	95.3%	93.8%	95.6%	92.2%
Canada				
CAN. SHIPMENTS:	162	158	160	165
- DOMESTIC	125	116	120	120
- EXPORT/U.S.	23	28	25	30
- EXPORT/OTHER	13	15	15	15
CAN. IMPORTS:	95	97	105	105
- FROM U.S.	42	35	40	40
- FROM ALL OTHER	53	62	65	65
CONSUMPT/DEMAND	220	213	225	225
CAN. CAPACITY (1)	154	143	160	182
CAN. OPER. RATE (%)	104.9%	110.7%	100.0%	90.7%

(1) CANADIAN CAPACITY INCLUDES MACHINE COATERS THAT SWING BETWEEN UNCOATED AND COATED FREE SHEET

Source: Jaakko Poyry Consulting

rect mail stood at 54 percent.

Future consumption of coated paper will be affected by a variety of factors—both positive and negative—over the next few years. These include the following:

- Postal rate increases in 1988 hit magazine publishers hard (second class mail), although less than that experienced by catalogers and users of direct mail (third class). As a result, publishers have indicated a renewed interest in lower basis weight paper, particularly if there is little, if any, tradeoff in print quality.

Publishers have shown a renewed interest in lower basis weight paper, especially if there is little tradeoff in print quality.

- Coated #5 groundwood papers are currently being pressured from both sides of the grade spectrum. Publishers and printers interested in improved quality are moving up to coated #4 (although some of this may still be groundwood) while cost-conscious purchasers are looking to the SC (supercalendered) grades, particularly as availability and quality improve.
- Heatset web-offset printing is likely to continue to make inroads into rotogravure's printing process share. This is due to two factors: shorter runs caused by an increase in the number of versions printed (to reach and influence targeted market segments better), and the ability to produce high quality, four-color printing on lighter weight papers. In the long run, offset grades of paper will see increases in demand compared with gravure paper.
- A moderately better economic climate, which led to gradual improvements in national marketers' advertising budgets, has improved the outlook for advertising expenditures. New forecasts by Bob Coen of McCann-Erickson indicate that advertising growth in 1989 will increase at a 6.9 percent rate, versus his December forecast of 6.1 percent. Advertising expenditures in magazines and direct mail are expected to grow at a faster rate—10 percent. Because of con-

North American coated groundwood capacity increases

YEAR	COMPANY	LOCATION	TONNAGE (short tons)	COMMENTS
1989	Blandin	Grand Rapids, MI	170,000	Net - #5
	Champion	Bucksport, ME	40,000	Speed-ups - #5
	Repap	New Castle, N.B.	240,000	New machine coater - #4 & #5
1991	Boise Cascade	Rumford, ME	220,000	New machine coater - #4 & #5 (possible partially ctd free #4)
1992	Great Northern/Nekoosa	E.Millinocket/Millinocket, ME	180,000	New coater - #5
1993-95		British Columbia	200,000	New mills planned in Britannia Beach and Prince Rupert - ctd #5

TOTAL COATED GROUNDWOOD EXPANSION 1,050,000 short tons

COMPOUNDED ANNUAL CAPACITY GROWTH 1988-1992 5.1%

Source: API & Jaakko Poyry Consulting

North American coated free sheet capacity increases

YEAR	COMPANY	LOCATION	TONNAGE (short tons)	COMMENTS
1988	International Paper	Northern Division	50,000	Grade change - #3 & #4
	Midtec	Kimberly, WI	100,000	Net - #3 & #4
	Potlatch	Cloquet, MN	90,000	Grade change - #1 & #2
	S.D. Warren	Muskegan, MI	5-50,000	Speed-ups - #3
	Westvaco	Luke, MD	30,000	Speed-ups - #1 & #2
1989	Island Paper	New Westminister, B.C.	75,000	New off machine coater - #3
1990	Champion	Quinnesec, MI	240,000	New machine coater - #3 & #4
	S.D. Warren	Muskegan, MI	60,000	Rebuild - #2 & #3
	S.D. Warren	Somerset, ME	225,000	New machine coater - #3 & #4
	Westvaco	Wickliffe, KY	125,000	New off machine coater - #2 & #3
1991	Consolidated Paper	Wisconsin Rapids, WI	220,000	New machine coater - #3 & #4
	Simpson	Pasadena, TX	30,000	PM 24 rebuild

TOTAL COATED FREE SHEET EXPANSION 1,270,000 short tons

COMPOUNDED ANNUAL CAPACITY GROWTH 1988-1992 7.9%

Source : API & Jaakko Poyry Consulting

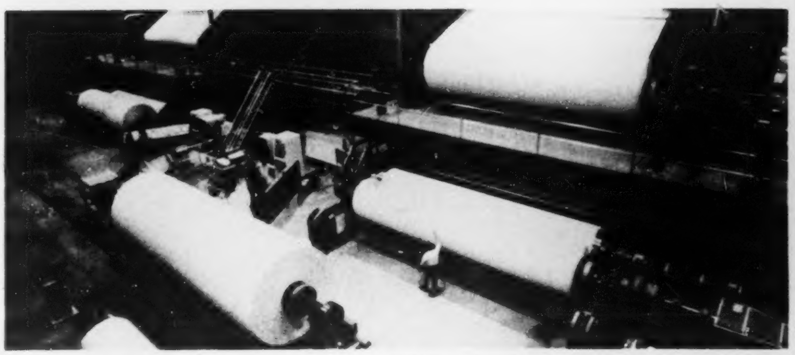
servation measures, inventory adjustments and tighter than normal news holes, this has not yet been reflected in consumption of paper.

- Environmental pressure and, more specifically, legislated requirements will cause changes in traditional demand patterns as suppliers experience varying degrees of success in incorporating the required amounts of recycled fiber in their products. This is an emerging factor that has longer term implications. Currently, we are unable to judge its long-term impact, although short-term it will be minimal.

- Magazine inserts continue to grow in popularity. This is adversely affecting the demand for traditional magazine paper grades. Driven by a desire to achieve a greater impact and supported by the available technical ability for automated insertions into magazines during binding, advertisers are looking favorably on this method of getting their messages across. The growth, however, is coming primarily from consumer magazines, as specialty business publications traditionally have embraced this form of advertising.

A significant portion of the tonnage for this application is coated #4 grades and higher, used to achieve superior graphic reproductions and differentiation compared with ROP pages. However, as magazines upgrade their own paper or as suppliers improve paper quality, it is distinctly possible that advertisers could switch from inserts to ROP because of cost pressures. The tradeoff between cost and effectiveness needs to be carefully calculated. Again, we believe this will be a long-term rather than short-term trend.

- LTC (lightly treated coated) or pigmentized groundwood paper has not had a significant impact on the traditional coated grades. All the tonnage currently used (30,000 to 35,000 tons in 1988) is imported and supplies are limited. The difficulties producers have encountered in producing satisfactory quality on a consistent basis, the introduction of premium grades of SC paper (which we will talk more about next month), and the decreasing coated #5 prices will all limit the growth of this grade for the next several years.



Supply outlook

From a purchaser's perspective, the supply picture for coated papers can only look good. North American (U.S. and Canadian) supplies of coated groundwood paper will increase by close to 1 MM tons through 1992. This amounts to almost a 22 percent increase in four years, or close to a 5 percent compound annual growth rate.

Similarly, overseas coated groundwood capacity will expand by slightly over 1 MM tons. Most of this tonnage will be coming from Europe, and is a direct result of the double digit rates of

European coated free sheet capacity changes

YEAR	COMPANY	LOCATION	TONNAGE (short tons)	COMMENTS
1989	Kymmene Corp.	Kuusankoski, Finland	50,000	Coater rebuild
	Kymmene Corp.	Kuusankoski, Finland	(72,000)	Coater 1 shutdown
	Kymmene Corp.	Kuusankoski, Finland	45,000	PM 7 rebuild
	Stora AB	Papyrys,Molndal Sweden	12,000	PM 4 rebuild
	Arjomari S.A.	Besse-sur-Braye, France	22,000	PM 3 rebuild
	Feldmuhle AG	Kabel, Germany	110,000	PM 3 conversion
	Pap.fabrik Scheufelen GmbH	Lenningen, Germany	45,000	PM 6 expansion
	Zanders Feinpapiere AG	Bergisch Gladbach, Germany	145,000	Rebuild & coaters
	Zanders Feinpapiere AG	Bergisch Gladbach, Germany	(35,000)	Coater shutdown
1990	Metsa-Serla Oy	Kangas,Jyvaskyla Finland	70,000	New coater
	UK Paper Ltd.	Sittingbourne, UK	85,000	New PM
	UK Paper Ltd.	Sittingbourne, UK	11,000	PM 17 rebuild
1991	Veitsiluoto Oy	Oulu,Nuottasari Finland	220,000	Decided
	Stora AB	Papyrys,Grycksbo Sweden	50,000	1988-91 expansion
	Papeteries de Condat S.A.	Condat-le-Lardin, France	110,000	new PM
	Nordland Papier GmbH	Dorpen, Germany	110,000	New PM (also unctd)
	Schwabische Zellstoff AG	Ehingen, Germany	220,000	Coated & uncoated
	Pap.fabrik Biberist	Biberist, Switzerland	155,000	New PM
1992	La Cellulose des Ardennes	Harnoncourt, Belgium	220,000	New mill
	Guerimand Voiron	Voreppe, France	16,500	CCP expansion
	Feldmuhle AG	Kabel, Germany	(110,000)	Grade conversion
	Feldmuhle AG	Uetersen, Germany	275,000	new PM
	Zanders Feinpapiere AG	Bergisch Gladbach, Germany	175,000	new PM
1993-95	Papierfabrik August Koegler AG	Kehl, Germany	45,000	Planned CCP expansion
	Cartiere Sudeuropa SpA	Serravalle Sesia, Italy	(50,000)	Planned shutdowns
	Brigl & Begmeister	Niklasdorf, Austria	110,000	Planned new PM
TOTAL EUROPEAN COATED FREE SHEET EXPANSION			2,034,500	short tons

Source: Jaako Poyry Consulting

Worldwide coated groundwood capacity changes*

YEAR	COMPANY	LOCATION	TONNAGE (short tons)	COMMENTS
1989	Metsa-Serla Oy	Kirkniemi, Finland	35,000	PM 2 rebuild LWC
	Oy Tampella Ab	Anjala, Finlan	165,000	PM 2 conversion
	Veitsiluoto Oy	Veitsiluoto,Kemi Finland	22,000	PM 1 rebuild
	Feldmuhle AG	Kabel, Germany	(100,000)	Grade conversion
	Caledonian Paper plc	Irvine, Scotland	220,000	New LWC PM
	Leykam-Murztaler AG	Bruck, Austria	150,000	New LWC PM
1990	Pap. Beghin Corbehem S.A.	Corbehem, France	270,000	New LWC PM
	Haindl Dapion GmbH	Walsum, Germany	220,000	New LWC PM
	Haindl Dapion GmbH	Walsum, Germany	(175,000)	PM 10 shut down
	Xin Hua Paper Mill	Jiang Men City, Shanghai	22,000	Planned LWC PM
1991	SCA Paper AAAB	Ortviken, Sweden	180,000	New LWC PM
	Papierfrabrik Biberist	Biberist, Switzerland	(35,000)	2 PM shutdowns
1992	Feldmuhle AG	Kabel, Germany	110,000	PM 3 conversion
1993-95	Saugbrugsforeningen	Halden, Norway	275,000	Planned LWC PM
	Cartiere Burgo SpA	Italy	220,000	New LWC PM
	Paper de Galicia	Spain	220,000	New LWC PM
	Kamskij tsell-bum.kombinat	Krasnokamsk, USSR	31,000	Planned PM 7 rebuild
TOTAL COATED GROUNDWOOD CAPACITY EXPANSION			1,830,000	short tons

*Except North America
Source : Jaakko Poyry Consulting

growth in demand experienced over the last several years. However, the demand in European markets is expected to slow down, leading to an excess supply situation. Normally, this excess would be targeted for the U.S. market—but for reasons stated earlier, we do not believe this will occur. If, on the other hand, the U.S. dollar strengthens appreciably, foreign suppliers will find the United States an attractive market. Thus, the import situation could be considerably different from what we are forecasting.

However, we believe operating rates in Europe for coated groundwood will drop below 90 percent in 1990 under any circumstance.

Planned capacity increases in coated free sheet are even more dramatic than for coated groundwood. Between 1989 and 1991, 975,000 tons will come on line in North America. Over a similar period, 1.3 million additional tons will become available in Europe, plus almost 400,000 tons in the Far East and Australia.

Given these kinds of planned and, for the most part, committed capacity increases in coated free sheet, operating rates throughout the world will be depressed at least through 1991, and possibly into 1992.

Supply/demand balance

The outlook for buyers of paper is never determined by either the supply or demand sides in isolation, but rather by the balance between the two. Our outlook for the 1989-1990 period has this balance tipping decidedly in favor of the buyers in terms of coated papers. A brief discussion of the two major coated paper grades follows:

1. *Coated groundwood*: The trend of users upgrading to coated groundwood from uncoated groundwood and newsprint, the growth in end-use markets, and the increasing availability of the paper resulted in a growth rate over the 1980-1988 period of 5.7 percent per

CHAMPION INTERNATIONAL

annum. For the variety of reasons previously mentioned—the economy, quality upgrading and better SC grades—we expect the demand to be essentially flat in 1989 and advance by only a little over 1 percent in 1990.

With projected U.S. capacity increases of 2.3 percent and 4.0 percent in 1989 and 1990, respectively, operating rates will fall. However, we expect the severity of the fall to be softened by a decrease in imports.

The big story with imports is the expected rise of Canadian producers as a major source of imports into the United States. This will be at the expense of offshore suppliers. By 1991, we expect Canadian producers to be the major import supplier of coated groundwood papers.

2. *Coated Free sheet*: Consumption of this grade of paper from 1980 to 1988 can only be described as exceptionally strong. The growth rate has averaged 7.1 percent per year, but is expected to slow somewhat over the next two years. The primary reason will be the growth of the U.S. economy. Projected growth rates are 6.3 percent in 1989, but only 3.7 percent in 1990.

The factors fueling the growth of coated free sheet, namely upgrading from groundwood sheets, plus continual growth in current end-use markets, will continue to exist for the foreseeable future. However, given this favorable outlook, producers will add capacity in excess of the demand growth and cause sharp declines in operating rates. We believe that the operating rate in 1991 could be well below 90 percent, given the planned capacity increases.

"A buyers' market will still exist in the short term, even if the economy experiences a true 'soft landing' and quick recovery."

Imports of coated free sheet are expected to decline slightly this year and then stabilize. Sourced primarily from offshore locations, these imports should stabilize at about 6 percent of the total U.S. demand. Of course, a dramatic strengthening of the U.S. dollar could render this forecast totally inaccurate, particularly in light of the likely excess supply situation.

For both grades of coated paper, we foresee a buyers' market through 1990, and possibly in 1991, if the U.S. does not experience a good economic recovery. Further, we believe a buyers' market will still exist in the short term, even if the economy experiences a true "soft landing" and quick recovery.

As mentioned before, a strengthening U.S. dollar could easily extend the buyers' market as the U.S. market becomes more attractive to offshore suppliers who, it appears, will have excess supplies.

Next month we will look at the situation facing buyers for uncoated papers. Some emphasis will be given to the emerging situation in SC (supercalendered) papers. Also a list of the suppliers of the major printing and magazine grades will be provided. ☐

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ELSA WARNICK

How your magazine markets will change

Changes in the 1990s—in growth patterns, population demographics and the interests of the American consumer—will present opportunities for the magazine prepared to take advantage of emerging trends. Learn how these developments might affect your business. **84**

Circulation direct marketing: New twists on proven techniques

Direct marketers are looking again at their packages—the offer, the devices, how they are mailing—and finding innovative ways to improve on tried-and-true techniques. **99**

The rate-cutting virus

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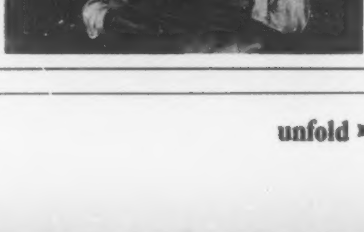
Circulation and ad pages are up, but at what price? Observers say the thought journal may not be playing it so smart. **47**

The Atlantic
THE COMING GLOBAL

Jim Autry: Poet and president

The workplace is the new neighborhood and your coworkers are your new family, says this Meredith Magazine Group executive, who brings a new perspective to the art of management. **39**



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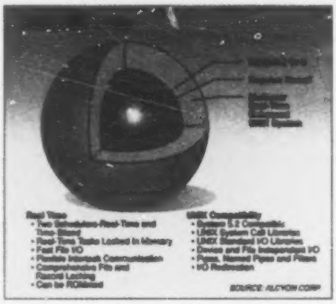
Creative charts and graphs 127

Computers are making information graphics easier to create and the results more exciting than ever—a combination that enhances reader loyalty and trust.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SOURCE: ALCYON CORP

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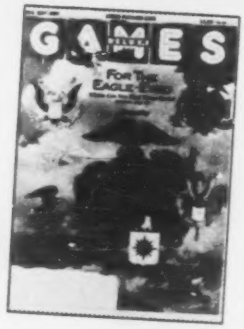

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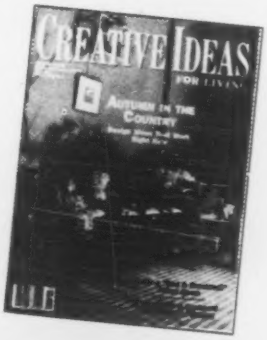

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UPDATE

Solid waste crisis comes home

MPA creates task force, hoping to pre-empt Government action

by Michael Garry

New York City—As the landfill crisis looms, the magazine industry is taking its first step toward finding alternative ways to dispose of magazines—before a solution is forced on it by the Government.

Magazine Publishers of America (MPA), which established a task force on the issue, warns that if the current laws on newspaper recycling are extended to magazines, it could affect the cost of producing and handling them. The task force, which will begin meeting early in 1990, aims to develop a program for dealing with magazine waste "before this gets political and we get hit over the head," says MPA president Donald Kummerfeld.

"Magazine publishers recognize the increasing problem of disposing of all solid wastes, including magazines," says Robert Farley, MPA vice president. "Steps must be taken to recycle, incinerate or find alternative uses for magazine waste."

"Our overall mission is to see what options exist to increase the recycling of all magazines," says task force member J. Rodney Edwards, a vice president with the American Paper Institute.

Glossy magazine paper, because of its high clay content, is not as recyclable as fiber-rich newsprint and corrugated boxes and can't be intermingled with newspapers set aside for recycling. Recycling plants are able to convert magazine paper into building products and cardboard separately, but, given the glut of newsprint and corrugated boxes, many recyclers have been less receptive to magazines.

As a result, wholesalers, responsible for 40 million tons of magazine waste per month, have been finding it more difficult to peddle returns to recyclers. Magazines' clay content also reduces the effectiveness of incineration as a disposal method.

"We need more research to find new products and processes which can utilize magazine paper in recycling," says Edwards. One example of progress: The Oregon subsidiary of St. Louis-based Jefferson Smurfit Company has begun using a new technology that converts magazine paper into newsprint. Several wholesalers in the Northwest are selling magazine returns to this firm.

Low priority

Most magazine publishers, although giving the solid waste crisis plenty of editorial attention, have yet

(CONTINUED ON PAGE 26)

Business titles slip as consumer books gain

Veronis, Suhler report also shows magazines lag behind other media in profitability

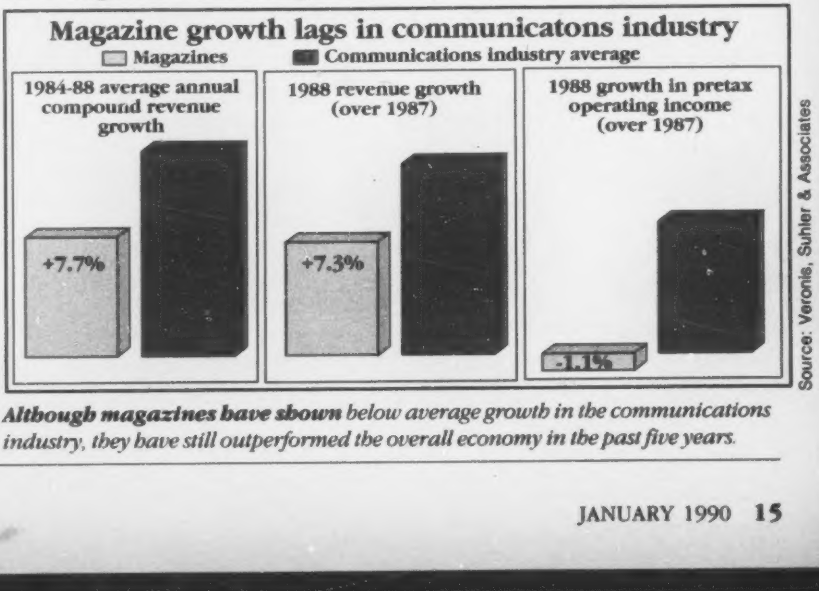
by Liz Horton

New York City—Five years ago, business magazines ruled in profitability. Their operating cashflow margins were nearly 20 percent, while consumer magazines shuffled along at 13.2 percent. Now an annual industry report card shows the balance shifting, with consumer magazines poised to surpass business titles in profitability.

Even so, profitability for all magazines has remained well below that of the communications industry average, according to Veronis, Suhler & Associates' seventh annual Communications Industry Report, a five-year survey of 275 publicly held communications companies.

Overall, the communications industry averaged a 19.9 percent cashflow margin and a 14.3 percent pretax

Magazine growth lags in communicatons industry



Source: Veronis, Suhler & Associates

***Although magazines have shown** below average growth in the communications industry, they have still outperformed the overall economy in the past five years.*

operating income margin in 1988. It has continued to show higher profits than almost any other segment of American industry, points out J. Michael Hadley, executive vice president of Veronis, Suhler.

The industry report tracks radio and television broadcasting; cable television broadcasting; filmed entertainment; recorded music; newspaper, book and magazine publishing; business information services; and advertising agency services.

The outlook for consumer magazines is strong, according to John Suhler, president and co-CEO of Veronis, Suhler. Increased ad spending and circulation growth in 1988 bumped consumer magazine revenues up 7.0 percent, to $3.3 billion. Although the report tracks only the 10 publicly traded consumer magazine companies, their revenue growth figures mimic those of the consumer magazine industry as a whole, according to the report.

The increase in consumer ad spending is likely to continue, says Suhler. Net ad revenues were up 8.0 percent in 1988, after four years that averaged 4.4 percent growth annually. As for 1989, gross year-to-date figures from the Publishers Information Bureau were up as high as 11.9 percent by November, but this does not reflect discounts or negotiated rates.

Automotive and toiletry/cosmetics, the two largest magazine advertising categories, increased spending 18.8 percent in 1988. Even categories that had decreased spending over 1984 to 1987, such as liquor, cigarettes and computers, were up slightly in 1988.

Profit margins in 1988 were lower than in 1987 but still higher than in 1984. Operating cashflow margins dropped 0.9 percent, to 14.7 percent, and pretax operating income margins also dropped 0.9 percent, to 13.1 percent. The overall five-year increase stemmed mostly from Time Inc.'s 1987 $82 million reduction in costs; Time Inc. Magazine Co. income accounts for over 50 percent of the revenue for the 10 publicly traded consumer publishers measured.

Highest cashflow

Consumer magazines, with their low asset base, had the highest relative cashflow returned of any media segment measured. This has made them attractive investments and contributed to the past decade's mega-transactions, says Suhler. The operating cashflow return on assets (ROA) in 1988 averaged 30.2 percent, compared to a communications industry average of 16.2 percent.

For business and professional publishers, the picture is less optimistic. Although the report shows revenues up 7.7 percent, to $2.6 billion, in 1988, it cautions that the growth largely reflects acquisitions by publicly traded companies, since revenue growth for the entire business magazine industry measured only 4.7 percent.

Suhler predicts it will take another two to three years before business-to-business advertisers are on the upswing.

Operating income margins dropped 1.3 percentage points, to 12.6 percent; cashflow margins were down 1.4 points, to 15.9 percent. Over five years, pretax operating income margins went down 5.4 points and operating cashflow margins went down 3.9 points.

But the figures, in large part, reflect a decrease in earnings at Capital Cities/ABC that has continued since the stock market crash of 1987. (Cap Cities and McGraw-Hill together account for 53.5 percent of the gross 1988 revenue for the 18 publicly held companies.) Publications in healthy industries continued to do well—Reed International, for instance, with child care, health and medical care and interior design publications, posted a 48.6 percent increase in operating income in 1988.

Overall, however, stagnant advertising growth resulted from consolidations and cost-cutting at heavy-manufacturing companies. The picture improved slightly in 1988, but, according to the report, "business magazine advertising has grown at only half the rate of the overall economy since 1985." Suhler predicts it will take another two to three years before business-to-business advertisers are on the upswing.☐

Publishers balk at passing the buck

Reader's Digest's notion of eliminating the RDA wins few converts

by Susan Hovey

New York City—Six months after *Reader's Digest* stirred up the single-copy sales community by eliminating its retail display allowance (RDA) program, industry members say other titles are unlikely to follow suit any time soon.

Most industry members agree that the RDA is in need of an overhaul. But opinions vary, with a wait-and-see attitude prevailing, when discussion turns to the *Digest* action.

"Although it's a bold move," says Frank Herrera, president of national distributor ICD/Hearst, "done the way it was done, it probably set back the industry by three or four years."

Under the plan, *Reader's Digest* now gives retailers a 30 percent discount up front off the $1.89 cover price on each copy delivered to the store—with the wholesaler responsible for passing along that discount to the retailer.

The previous rebate program gave retailers a 20 percent discount up front, then required them to file for an

(CONTINUED ON PAGE 26)

PAUL MCGUIRK

"The [RDA] check is a big selling tool,"—one reason that publishers are reluctant to change programs.

showing that mail in brown sacks gets better treatment than mail in white sacks. "Second class mail is second class mail," says Stanley, "and it should be handled the same."

Sticker fix

Delays in service are already a problem. A study by the Red Tag News Publications Association reveals 40 percent on-time delivery for weeklies during the third quarter of 1989.

The only option available to weeklies, say Farley and Don Dolman, director of distribution for Ziff-Davis, may be to spend more plant time preparing magazines for mail. Ziff's weekly *MacWeek*, for example, already has a bright red sticker on its mail sacks to alert carriers that editorial is timely. "We do that in hopes that it will catch the eye, if not the attention, of mail processing," says Dolman. Fairchild is considering additional local entry points for several of its magazines, hoping for a better chance of punctual delivery, says Farley.

Ironically, the switch to brown sacks could improve the delivery of monthly titles if delivery of weeklies falls off, says Dolman. "There has to be an impact," he says. "2C publications will get the advantage. . . ."

The USPS wanted to implement the change more than three years ago, but the plan never got off the ground because of a shortage of brown sacks. The current plan was started in the western region in November; the USPS will evaluate its success before phasing in the southern, northeastern, central and eastern regions.

Supply vs. demand

But "we still can't get enough brown sacks," says one printer, adding that supply problems could prevent the Postal Service from moving into a second region within the next year.

Moreover, the USPS is moving so slowly that, "by the time it's completely implemented, they will probably move to trays anyway," says Mike Armstrong, director of manufacturing for *U.S. News & World Report*.

The weekly *U.S. News* ships approximately 90 percent of its mail on pallets, which speeds the process. The USPS plan is not likely to impair the magazine's mailing schedule, Armstrong believes. He notes, however, that the brown sack conversion "has the potential" to affect delivery of weeklies negatively.☐

Weekly delivery worst in South

FLOSSMOOR, ILL.—Sixty percent of weekly magazines were delivered late in the third quarter—significantly worse than the 55 percent that were late the previous year, according to Red Tag statistics. Throughout the country, 30 percent were delivered one day late and another 30 percent were delivered even later.

Delivery was poorest in the Deep South. Houston showed only 13 percent on-time delivery, with 29 percent of its titles one day late and 58 percent more than one day late. In New Orleans, 62 percent of publications were delivered more than one day late, while Dallas and Atlanta had less than 30 percent on-time delivery.

On the other hand, cities in the Northwest exceeded the national average. San Francisco posted 71 percent on-time delivery, with just 13 percent more than a day late. Seattle posted 64 percent on-time delivery.

Delivery of monthlies shows slight improvement

FLOSSMOOR, ILL.—Nearly three-quarters of monthly magazines were delivered late during the third quarter of 1989, a slight improvement over the 76 percent in third quarter 1988, according to Red Tag statistics. Only 8 percent of the monthlies exceeded the United States Postal Service standards; 19 percent were delivered on time.

Minneapolis posted the best delivery, with 49 percent of monthlies delivered better than USPS standard.

Only Seattle, Miami and San Francisco also had more than half of monthlies delivered on time.

Worst delivery was posted by Washington, D.C., where 45 percent of monthlies were delivered over four days late, and only 33 percent met or exceeded USPS standards. Other cities plagued by tardy delivery were Buffalo, New Orleans, Memphis, Los Angeles, Atlanta and Phoenix.

The scores reflect delivery from all parts of the nation to the cities listed.☐

Delivery box score: Monthlies

July 1-September 30, 1989

City/(Zip Code)	Better than USPS standard	Service standard	Days late			Later
			1-3	4-6	7-10	
Composite average*	8	19	53	15	4	1
Boston (021)	3	23	54	18	2	0
New York (100)	2	21	63	14	0	0
Buffalo (142)	0	34	33	33	0	0
Pittsburgh (152)	5	7	62	20	4	2
Washington, D.C. (200)	6	27	22	41	4	0
Atlanta (303)	2	9	56	26	7	0
Miami (331)	26	33	29	8	2	2
Memphis (381)	0	0	64	18	18	0
Cincinnati (452)	3	23	58	12	4	0
Detroit (482)	12	21	61	6	0	0
Milwaukee (532)	9	26	6	0	0	0
Minneapolis (554)	49	17	30	4	0	0
Chicago (606)	0	19	65	8	5	3
New Orleans (701)	8	14	41	14	14	9
Dallas (752)	4	7	74	7	4	4
Houston (770)	7	17	65	11	0	0
Denver (802)	25	8	56	8	3	0
Phoenix (850)	0	37	38	25	0	0
Los Angeles (900)	4	21	42	27	2	4
San Diego (921)	12	25	63	0	0	0
San Francisco (941)	14	40	38	2	4	2
Seattle (981)	34	27	36	3	0	0

*Includes other U.S. cities and SCFs not listed.

Source: Red Tag News Publications Association, Inc.

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Uncoated paper outlook

Uncoated paper offers, in some instances, opportunities to increase quality and control costs. What is the availability? What are the emerging trends in usage?

BY ARTHUR C. VEVERKA

While the grades of paper most widely used by publishers continue to be coated groundwood and free sheet (covered in the December issue), we believe uncoated paper grades will become increasingly important to magazine publishers in the future.

Some clear trends are emerging:

- A longer-term shift within uncoated groundwood papers from machine finished (MF) to supercalendered (SC) will become evident in 1989-1990.
- Continuing improvements in supercalendered grades will mean publishers may be able to lower costs without affecting quality.
- The supply/demand balance for uncoated grades seems to be tipping slightly in favor of the buyer.

Uncoated grades defined

Like coated paper, uncoated paper is represented by both groundwood and free sheet grades. The similarities, however, end at this point. Whereas coated free sheet is used in preference to coated groundwood when one is looking to upgrade, the same is not true in the uncoated grades. Rather, uncoated groundwood grades are often the precursor to the use of coated groundwood grades. Uncoated free sheet grades have distinct, and for the most part non-substitutable, uses that do not lend themselves to upgrading. Furthermore, these uses are not suitable for groundwood grades.

Within the uncoated groundwood

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WESTERN OUTDOOR NEWS
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Turkey, pheasant seasons to open
New model RVs at Dodger Stadium
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MERRILL'S
ILLINOIS LEGAL TIMES
Massive Litigation in the Wings of Grabill Saga
INSIDE
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100
ALBUMS OF THE 80's

What are uncoated groundwood printing papers?

In the world of printing papers, close to 37 million tons of paper are consumed annually for some type of printing purpose. At the low end, almost one-third of all paper is defined as newsprint—the grade most commonly used in the daily newspaper. At the high end are coated printing papers, with coated #1 grades representing the best available offering (based on brightness), and coated #5 grades being the commodity end of the coated paper business. (A little over 42 percent of the paper used to print catalogs is coated #5.)

Sandwiched between newsprint, but just below coated papers, are some three-plus million tons of papers falling in the spectrum defined by the American paper industry as "uncoated groundwood printing papers." (These grades can be referred to as uncoated wood containing, uncoated mechanical grades.) The diversity of grades in this spectrum is wide, and there are numerous grade options to fit many applications.

From a technical standpoint, uncoated groundwood grades typically contain a relatively high amount of "ground up" mechanical fiber (at least 10 percent of a sheet's typical fiber composition). New pulping technologies have created a new generation of fibers replacing many of the standard groundwood pulps in many paper grades. The addition of twin wire formers, sizing presses, improved fillers and bleaching agents, and other related finishing equipment has brought dramatic improvements to a grade category that must follow in the footsteps of coated paper. Some of the many uncoated groundwood grades currently used in publications include the following:

- **Improved news**: A grade that is just a step above newsprint used in paperback books and used occasionally in magazines for special short stories.
- **Low brightness machine finished (MF) grades**: These can be used for both nonheatset web-offset and rotogravure printing. Typically brightness is under 65.
- **Colored groundwood printing papers**: Suitable for both heatset, nonheatset and rotogravure printing, the range of colors can often be custom-made to meet the needs of a specific editorial or ad format.
- **High brightness MF grades**: These can be used for gravure, nonheatset and heatset web-offset printing. Brightness can range from 65 to as high as 75. In some cases, these grades are surface sized and may even contain some clay in their mix.
- **Lightweight catalog/directory paper**: This paper, either white or yellow, can be used in mail-order catalogs or telephone directories. Basis weights in this grade category can be as low as 20 pounds.
- **SC-C**: This is the third level of the supercalendered paper grade range. This grade is a highly supered, yet unfilled, sheet. (Highly filled sheets tend to contain more clay, which makes for a better printing surface.) There are many users who feel that with high ink coverage, this sheet, which is closely competitive with SC-B (see below), can be superior to SC-B. Some printers employ special inks for SC-C, which result in a very high printed gloss.
- **SC-B**: The second of the SC grade categories. This grade tends to have a minimum amount of filler (up to 10 percent to 12 percent) and is not supered to the extent that SC-A is finished.
- **SC-A**: The first level of the SC market. This grade tends to have the highest filler level (18 percent and above filler), and is highly supered to provide a smooth printing surface. Historically, a grade most often used for gravure printing, new generation SC-A grades have been developed to handle heatset web-offset printing.
- **SC-A+**: The newest level of improvements in this market are indicative of the SC-A+ grades being imported to the United States. In limited supply, these grades are surface sized and have improved base sheet formation for better acceptance of heatset web-offset printing.

Uncoated groundwood: Supply/demand profile United States and Canada (000 short tons)

	1987	1988	1989	Forecast 1990
United States				
U.S. shipments:	1,485	1,624	1,610	1,615
Domestic	1,429	1,554	1,530	1,525
Export/Canada	33	30	35	40
Export/other	23	40	45	50
U.S. Imports:	1,737	1,802	1,920	2,025
From Canada	1,167	1,282	1,420	1,500
From all other	570	520	500	525
Consumpt/demand	3,166	3,356	3,450	3,550
U.S. capacity	1,650	1,696	1,762	1,765
U.S. oper. rate %	90.0%	95.7%	91.4%	91.5%
Canada				
Can. shipments	1,498	1,632	1,770	1,895
Domestic	241	249	250	275
Export/U.S.	1,167	1,282	1,420	1,500
Export/other	90	101	100	120
Can. imports	64	63	70	75
From U.S.	33	30	35	40
From all other	31	33	35	35
Consumpt/demand	305	312	320	350
Can. capacity	1,499	1,648	1,885	2,028
Can. oper. rate %	99.9%	99.0%	93.9%	93.4%

Source: Jaakko Poyry Consulting

Price drops forecast: *The expected overcapacity of coated groundwood will probably mean downward pressure on uncoated groundwood prices.*

classification there are two basic grades—machine finished paper and supercalendered paper. Machine finished grades range from improved newsprint to directory papers to business forms. Overall, almost 88 percent of uncoated groundwood grades are used in the printing industries—which of course includes magazines. Magazines alone account for 18.5 percent of total usage.

The uncoated free sheet grades encompass bond and writing paper, forms bond, converting grades (such as envelope and tablet), text and cover paper and a range of offset printing grades. Because of the significant use in nonprinting applications, only 19.6 percent are used within the printing industry, and less than 1 percent by magazines.

User's dilemma

The drive by publishers for better quality in their printed pieces is often coupled with a desire to control costs. Until recent years, controlling cost usually meant sacrificing quality. However, the highly filled grades of supercalendered paper—SC-A and SC-A+ —may be changing that. The latter grade is available only from offshore suppliers and represents the continued progression to upgrade the printing characteristics of uncoated groundwood grades. Given the superior printing results that are possible from these supercalendered grades, it would seem that publishers can potentially satisfy both the desire to increase quality and to keep costs in line. (This will be explained in more detail later in this article.)

With uncoated free sheet grades, however, the cost/quality dilemma is not as evident. The reason is simply that the uses of coated and uncoated free sheet are well established. There is little, if any, movement between the grades either to improve quality or reduce cost.

The demand outlook

With one exception, namely directories, the primary uses for uncoated groundwood grades are similar to the end-uses for coated papers—*i.e.*, magazines, catalogs and inserts/fliers.

Directories consumed over 600,000 tons of uncoated groundwood paper in 1988. Virtually all of this was MF grades. Fueled by increasing numbers of telephone directories, growth in this end-use should be in the 2.8 percent per annum range for both 1989 and 1990.

For magazines, about 17 percent of the total paper usage is represented by the uncoated groundwood grades. In absolute tonnage terms, this amounted to 620,000 tons in 1988. For 1989, a 2.5 percent increase is expected.

While we do not expect any significant shift in the short run between the percentage of coated and uncoated paper used in magazines, a longer-term shift within uncoated papers from MF to SC will become evident in 1989 and 1990.

Catalogs, like magazines, use a variety of paper grades, with coated paper being dominant. Nevertheless, almost 18 percent of the paper used, or some 420,000 tons, represents uncoated groundwood. Projected 1989 demand is almost 440,000 tons.

The last major end-use for uncoated groundwood paper is the insert/flier market. Total paper usage for this application approached 2.3 million tons in 1988. Uncoated groundwood represented almost 37 percent of this total, with SC grades predominant (80 percent). Growth in the insert/flier market has been excellent, and should continue so in 1989 (5+ percent).

As for the uncoated free sheet grades, magazines and catalogs represent only minor uses with volumes of 100,000 tons and 74,000 tons, respectively, in 1988.

One of the larger uses within the printing industry is for direct mail. Usage in 1988 was 500,000 tons. Similar tonnage levels were also recorded for book publishing. Miscellaneous commercial printing applications absorb the largest printing industry volumes of these grades, amounting to 1.27 million tons.

Growth prospects for the major printing industry end-uses for uncoated free sheet will be dampened by the expected economic slowdown in 1990. This translates into a growth rate of under 2 percent.

The overall printing industry demand for uncoated grades is as follows: Uncoated groundwood, 2,946,000 tons in 1989; 3,035,000 tons in 1990. Uncoated free sheet, 2,314,000 tons in 1989; 2,348,000 tons in 1990.

SC paper: A trend to watch

In Western Europe, SC paper has, for a long time, been the preferred grade for magazines. In the last few years, however, coated groundwood papers have made significant inroads, although SC still represents over 50 percent of magazine paper usage. Nonetheless, European SC paper producers have not been idle in the face of this encroachment. They have improved the overall quality of their SC sheets and created what amounts to an SC-A+ grade. Given good quality printing, the lay person is unable to distinguish between coated groundwood and SC-A+ sheets. This creates an opportunity for U.S. magazine publishers and printers.

Uncoated free sheet: Supply/demand profile United States and Canada (000 short tons)

	1987	1988	1989	Forecast 1990
United States				
U.S. shipments:	10,977	11,277	11,375	11,620
Domestic	10,919	11,194	11,275	11,500
Export/Canada	22	45	50	60
Export/other	36	38	50	60
U.S. Imports:	433	616	725	825
From Canada	211	267	350	425
From all other	222	349	375	400
Consumpt/demand	11,352	11,810	12,000	12,325
U.S. capacity	11,520	11,897	12,352	12,721
U.S. oper. rate %	95.3%	94.8%	92.1%	91.3%
Canada				
Can. shipments	954	1,028	1,259	1,396
Domestic	702	731	889	941
Export/U.S.	211	267	350	425
Export/other	41	30	20	30
Can. imports	32	65	65	70
From U.S.	22	45	50	60
From all other	10	20	15	10
Consumpt/demand	734	796	954	1,011
Can. capacity	1,056	1,153	1,457	1,672
Can. oper. rate %	90.4%	89.2%	86.4%	83.5%

Source: Jaakko Poyry Consulting

***Soft pricing** looks like the order of the day for at least the next 12 months for the uncoated free sheet grades.*

The higher quality SC-A+ grades that we believe will be available to buyers means that no longer will the use of an uncoated grade be equated with lower print quality. For certain, coated paper will still give a very high quality look—but publishers, advertisers and printers can at least consider SC-A paper without feeling that quality will be sacrificed. The added benefit is lower paper cost—in the 15 percent to 18 percent range.

A trend that may occur in the future involves a shift from uncoated/coated offset printed magazines to gravure printed SC papers. The improved quality levels of SC-A papers would allow for four-color placement anywhere in a magazine and offer greater opportunities for attracting major advertisers.

Paper buyers are also learning that for certain markets, the higher gloss and basis weights of coated paper are not required. Similarly, certain sections of magazines may be perfectly satisfactory with a good quality SC sheet. As stated earlier, with higher quality SC-A paper becoming available, publishers should be able to lower costs without affecting the magazine's image.

Supply outlook

The current supply pictures for uncoated groundwood and uncoated free sheet are decidedly different. In 1988, close to 54 percent of the U.S. demand for uncoated groundwood was supplied by non-U.S. producers. Canada is the major source of these imports, accounting for 71 percent, or almost 1.3 million tons. With planned capacity expansions, Canada is expected to add over 200,000 tons to this figure over the next two years. Offshore import volume, representing the higher quality grades, will remain stagnant. U.S. capacity will increase only slightly, but will be shifted more toward the SC-A grade.

The good news for U.S. buyers is that the two U.S. suppliers of SC-A paper—Madison and Lake Superior—have both indicated they are considering new production facilities. This could add as much as 500,000 tons. We also expect Canadian producers to show more interest in SC-A paper.

For uncoated free sheet the picture

North American uncoated groundwood capacity increases

(by company name)

Year	Company	Location	Tonnage (short tons)	Comments
1988	**Abititi-Price**	Alma, Quebec	50,000	Grade change to directory paper (#9 PM)
	Lake Superior	Duluth, MN	245,000	New machine for SC-A paper
	St. Mary's	Sault St. Marie, Quebec	77,000	New machine for SC-B (130,000 net 77,000)
1989	**Abititi-Price**	Alma, Quebec	50,000	Grade change to directory paper (#10 PM)
	Consolidated Paper	Three Rivers, Quebec	33,000	Switched from kraft to SC-C
1990	**Kruger**	Three Rivers, Quebec	39,000	Grade change to SC-B
1991	**Daishowa**	Port Angeles, WA	150,000	New machine for directory and offset paper
1992	**Kruger**	Connenbrook, Nfld.	77,000	Grade change to SC-B
Total uncoated groundwood expansion (short tons)			**721,000**	

Source: API & Jaakko Poyry Consulting

More to come? *Uncoated groundwood capacity increases that are not reflected in the chart above may still occur if suppliers Madison and Lake Superior open new production facilities, as they have indicated.*

North American uncoated free sheet capacity increases

(by company name)

Year	Company	Location	Tonnage (short tons)	Comments
1988	**Boise Cascade**	Wallula, WA	18,000	Improvements
	Georgia Pacific	Port Hudson, LA	300,000	New machine
	International Paper	North & South	150,000	Improvements
	Potlatch	Cloquet, MN	(40,000)	Switched to coated free sheet
	Weyerhaueser	Prince Albert, Saskatchewan	200,000	New machine
1989	**Canadian Pacific**	Dryden, Ontario	195,000	Rebuild
	Champion	Courtland, AL	40,000	Machine rebuild
	Champion	Pensacola, FL	115,000	Machine conversion
	Domlar	Windsor, Quebec	160,000	Net from new machine
	Hammermill	Selma, AL	35,000	Speed-up
	International	North & South	200,000	Improvements
1990	**Boise Cascade**	International Falls, MN	308,000	New machine
	Champion	Courtland, AL	20,000	Machine rebuild
	Champion	Courtland, AL	45,000	Machine rebuild
	Island Paper	New Westminster, B.C.	(50,000)	Switched to coated free sheet
	Westvaco	Wickliffe, KY	(100,000)	Switched to coated free sheet
	Willamette	Bennetsville, SC	200,000	New mill
1991	**Nekoosa**	Ashdown, AL	325,000	New machine
	Union Camp	Eastover, SC	240,000	New machine
	Union Camp	Eastover, SC	50,000	Machine improvement (#1)
Total uncoated free sheet expansion (short tons)			**2,411,000**	

Source: API & Jaakko Poyry Consulting

Most of the capacity increases *for uncoated free sheet will be in the commodity grades, but that will result in the freeing up of some capacity (on small paper machines) to produce more specialized grades needed by the printing industry.*

is indeed different. To start with, some 1.8 million tons of new capacity is expected in North America over the 1989-1991 period. Although most of this will be targeted for ~~commodity~~ grades, it will result in the freeing up of some capacity (on small paper machines) to produce the more specialized grades needed by the printing/publishing industry.

The import situation is also very different for uncoated free sheet. In 1988, imports accounted for only 5 percent of total demand. This figure is projected to rise to 6.7 percent in 1990, primarily because of planned capacity increases in Canada. Most of the offshore imports are for specialty, niche grades.

Supply/demand balance

All things considered, it seems that the supply/demand balance for both uncoated grades is tipping slightly in favor of the buyer. Even if the United States avoids an economic slowdown in 1990 or experiences a rapid recovery in 1991, the supply/demand balance will work against the producers.

Projected U.S. operating rates for uncoated groundwood for 1989 and 1990 are in the 91.5 percent range. This is a decline of over 4 percent from the 1988 levels. In Canada, the decline is likely to be greater (approaching 6 percent) as significantly more capacity is brought on line (23 percent over a two-year period).

> **"A strengthening dollar could increase the attractiveness of this market and swing the supply/demand balance more in the buyer's favor."**
>
> [illegible]

Offshore suppliers will continue to look at the United States as a home for their higher quality products. A strengthening dollar could increase the attractiveness of this market and swing the supply/demand balance further in the buyer's favor.

The uncoated free sheet picture is even better from a buyer's perspective. U.S. operating rates are expected to decline from a level of 98.3 percent in 1988 to 92.1 percent in 1989, and 91.2 percent in 1990. The causes are flat demand and increased capacity (7 percent).

Because of capacity increases of 45 percent over the 1988-90 time frame, the Canadian supply/demand picture looks even bleaker for producers of uncoated free sheet, and even brighter for purchasers. Operating rates could reach a low point of 83.5 percent in 1990.

As a result of these supply/demand outlooks, we could expect stable prices for uncoated groundwood. However, as indicated in Part 1 of this report, there will be an overcapacity of coated groundwood over the period. This will probably mean downward pressure on uncoated groundwood prices. For the uncoated free sheet grades, soft pricing looks like the order of the day for at least the next 12 months. ☐

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New magazines: 1989

During the past year, over 165 existing publishing companies and entrepreneurs launched magazines. The new publications cover a wide range of businesses—from cattle raising and marketing to running a newspaper. The consumer marketplace welcomed Time Inc.'s celebrated *Sports Illustrated for Kids*, while Nason & Associates began the less publicized *Carolina Women Today*. A host of other publishers also pursued their publishing dreams and came up with colorful titles like *Neon, 24 Hours* and *Upside*. Following is a list of titles, of at least quarterly frequency, that were announced to FOLIO: in 1989.

PRESENTATION BUSINESS NEWS
Charting the Future for Presentation Products Dealers
DEALER FORECAST
Outlook for Color Copiers
Wanted
Carolina Woman Today
ATURE HEALTH
CONTEMPORARY UROLOGY
HARLOTTE
Kurt Rambis
CORPORATE RISK MANAGEMENT
CD-ROM EndUse
CD-ROMs Keep On Truckin'
MACK
VALLEY MAGAZINE
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RADIO chicago
apa magazine
FOCUS
TRAVEL & VACATION
N.J. & You—Perfect Toget For a Romantic "Hideaway" Weeke
Log Home Living
LOG HOMES OF THE GREAT LAKES
GREAT ROOMS
Boat
HEY, GOOD LOOKIN'
ARRIVA 2450
GLASTRON'S CARLSON
the Desktop

Business magazine start-ups—1989

Magazine title	Company name City/state	Audience	Circulation in thousands	Type of circulation	Start-up month
24 hours	Schneider Publishing Co. Santa Monica, CA	People active in the late night	35	Np	May
516	516 Publishing Co. Massapequa, NY	Residents of Long Island (the 516 area code)	45	Np	May
Aerospace and Defense International Product News	McGraw-Hill New York, NY	Industry decision makers	88	Np	Jul
Aquatics	Communication Channels, Inc. Atlanta, GA	Operators of public pools	30	Np	Feb
Asia Pacific Aerospace	Asian Business Press Singapore	Commercial aviation and defense industry buyers	N/A	Np	Jun
Automotive Electronic News	Fairchild Publications New York, NY	Auto and electronic industry managers	32	Np	Jan
Billion	Billion Publishing Hong Kong	N/A	25	N/A	Jul
Body Copy	Breznau Pub. Co., Inc. Los Angeles, CA	Los Angeles ad industry	20	Np	Mar
Business Travel Management	Coastal Communications Corporation New York, NY	Corporate travel planners	40	Np	Sep
Business of Sports	Business of Sports, Inc. Cincinnati, OH	Consumers interested in sports business	400	P	Sep
CD-ROM Enduser	DDRI, Inc. Falls Church, VA	Users of CD-ROM	10	Np	May
CG Professional	Graphic Channels Inc. San Francisco, CA	Users of computer graphics products and technologies	25	P	Jan
California Agricultural Exporter	Western Agricultural Publishing Co. Fresno, CA	California agricultural industry	12	Np	Jan
Canadian Direct Marketing News	CDMN Publishing Markham, Ontario	Canadian direct marketers	6	Np	Oct
Casting Design & Application	Penton Publishing Cleveland, OH	OEM designers and buyers of castings	22	Np	Nov
Cattle	HBJ Farm Publications Orlando, FL	People who raise and market cattle	362	Np	Sep
Century City	Affinity Publishing Calabasas, CA	Century City businesses	30	Np	Mar
College Athletic Management	College Athletic Administration Ithaca, NY	College athletic administrators	N/A	N/A	Jan
Computerworld Focus on Integration	CW Publishing Inc. Framingham, MA	Executives who link large computer installations	135	P	Feb
Contemporary Internal Medicine	Aegean Communications Greenwich, CT	General internists	91	Np	Apr
Contemporary Urology	Medical Economics Co. Oradell, NJ	Urologists	9	Np	Feb
Contingencies	Academy of Actuaries Washington, D.C.	Academy members and CEOs of Fortune 1,000 companies	20	P & Np	May
Corporate Risk Management	Oster Communications, Inc. Cedar Falls, IA	CFOs and financial executives	25	Np	Jun
Defense Technology International	Horizon House, Inc. Norwood, MA	Defense executives	30	Np	May
Defense World	McGraw-Hill New York, NY	Members of Federal Government, academic and financial communities	145	P & Np	May
Dermatology Nursing	Dermatology Nurses' Association Pitman, NJ	Dermatology nurses	6	P	Oct

(CONTINUED)

Business magazine start-ups—1989

Magazine title	Company name City/state	Audience	Circulation in thousands	Type of circulation	Start-up month
Diablo Business	Diablo Country Magazine, Inc. Walnut Creek, CA	Business people in the San Francisco area	18	Np	Jul
Electronic World News	CMP Publications, Inc. Manhasset, NY	Engineers	32	Np	May
Environment Today	Enterprise Communications McLean, VA	Environmental control officers	54	Np	Jan
Executive Living	Business Journal Publishing Co. Cleveland, OH	Business executives in northeast Ohio	27	Np	Nov
Expert Systems	Auerbach Publishers New York, NY	Management information systems (MIS) professionals who use expert systems	3	P	Feb
F&B Marketplace	Food Marketing Communicators Shawnee Mission, KS	Food and beverage marketing professionals	5	P & Np	Jun
Fabrics & Architecture	Industrial Fabrics Association International St. Paul, MN	Architects and designers	4	P	Jul
Family Business	MLR Publishing Co. Great Barrington, MA	Second-generation family business owners	100	P	Nov
Focus on AIX	Publications & Communications, Inc. Austin, TX	IBM Advanced Interactive Executive users	15	P & Np	Jan
Food People	Associated Grocers, Inc. Seattle, WA	Supermarket employees and the general public	4	Np	Apr
GATF World	Graphic Arts Technical Foundation Pittsburgh, PA	GATF members	7	Np	Jan
Golf Course News	United Publications, Inc. St. Petersburg, FL	Superintendents and developers	20	Np	Feb
Home Healthcare Dealer	Curant Communications, Inc. Los Angeles, CA	Home care dealers and pharmacies	12	Np	Mar
Homeworld Business	ICD Publications Hauppauge, NY	Manufacturers and retailers of housewares	13	Np	Sep
Human Capital	Learning Ventures International Camden, ME	Human resource directors and executives of Fortune 1,000 companies	65	P & Np	Nov
ITC Desktop	International Typeface Corp. New York, NY	Small business and corporate computer users	100	P & Np	Mar
Independent Business	First Sierra Publishing, Inc. Westlake Village, CA	Small business owners	560	P	Dec
Industrial computing	ISA Services Inc. New York, NY	People who purchase computer products	40	Np	Mar
International Development Review	IMP Inc. New York, NY	Heads of government and senior bankers	30	Np	Nov
Kentucky Prairie Farmer	Farm Progress Companies Inc. Louisville, KY	Prairie farmers in Kentucky	12	P	Jul
Link	Yellow Pages Publishers Association Troy, MI	Yellow Page industry personnel	14	Np	Oct
MIPS	MIPS Publishing Inc. Peterborough, NH	Users of 32-bit computer systems	80	P	Feb
MacTech Quarterly	A.P.P.L.E. Co-op and Tech Alliance Renton, WA	Macintosh programmers and developers	20	P	Jan
Matter	GLM Publishing New York, NY	Retailers interested in handcrafted goods	15	Np	Aug

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Business magazine start-ups—1989

Magazine title	Company name City/state	Audience	Circulation in thousands	Type of circulation	Start-up month
Microwave Product Digest	Octagon Communications Corp. New York, NY	Microwave engineers	40	Np	Jan
Mobile Product News	Phillips Publishing Potomac, MD	Dealers and company representatives in mobile communications	15	Np	Jun
Modern Warfare	Empire Press Lebanon, PA	Modern war enthusiasts	35	P	Jul
National Limousine Exchange	Turnkey Publishing Austin, TX	Limousine service operators	9	Np	Jan
New Miami	New Miami, Inc. Miami, FL	Businesses in South Florida	18	Np	Jan
News Inc.	A/S/M Communications New York, NY	Newspaper industry	15	Np	Apr
Newspapers and Technology	Summit Media International Golden, CO	Newspaper industry	25	Np	Feb
OBG Management	Dowden Publishing Co. Spring Valley, NY	Obstetricians and gynecologists	31	Np	Sep
Pacific Property	World Property London, England	International real estate players	12	Np	Sep
Paper Trends & Implications	Communication & Information Services Concord, CA	Industry decision makers	N/A	P	Jan
Patuxent Business Digest	Patuxent Publishing Columbia, MD	Business executives in Maryland's Howard County	10	P & Np	Mar
Peanut Grower	Agri-Publications, Inc. Tifton, GA	Large peanut growers	28	Np	Apr
Plastics News	Crain Communications, Inc. Akron, OH	Management in plastics industry	60	P & Np	Mar
Presentation Business News	Pacific Magazine Group Santa Monica, CA	Computer dealers and resellers	30	Np	Oct
Recycling Times	National Solid Waste Association Washington, D.C.	Recycling industry	3	P	Mar
Salon Biz	Canon Communications, Inc. Santa Monica, CA	Salons and their patrons	47	Np	Mar
Selling Space	JB & ME Publishing Los Angeles, CA	Ad sales directors and managers	4	P & Np	Mar
Senior Patient	MN Postgraduate Medicine Minneapolis, MN	Physicians treating elderly patients	133	Np	Jan
Silicon Valley Engineer	Select Communications, Inc. Los Altos, CA	Engineers	40	Np	Feb
Site Development News	Elsevier Business Press Morris Plains, NJ	Corporate site selectors	245	Np	Nov
South Carolina Lawyer	South Carolina Bar Columbia, SC	Members of South Carolina Bar	6	Np	Jul
Space News	Times Journal Co. Springfield, VA	Executives and decision makers for space-related industries	14	Np	Sep
Sports Travel	Murdoch Magazines Secaucus, NJ	Sports-minded travel planners	25	Np	Jun
TECHknowledge	AIMS Unlimited Publishing Group Orlando, FL	Florida's manufacturing decision makers	2	Np	Oct

(CONTINUED)

Business magazine start-ups—1989

Magazine title	Company name City/state	Audience	Circulation in thousands	Type of circulation	Start-up month
TIES	Drexel University Philadelphia, PA	Math, science and industrial arts educators	54	Np	Jan
Tan	Tanning Trends Inc. Jackson, MI	Tanning salons and their patrons	10	Np	Jan
Technology on Campus	Peter Li, Inc. Dayton, OH	College faculty that use computers and other technical equipment	30	Np	Oct
The APA Magazine	Ad-Advertising Photographers of America New York, NY	Professional photographers	8	Np	Nov
The Electronic Studio	Roger Murray & Associates Toronto, Ontario	Professional graphic designers	20	Np	Nov
The Journal of NIH Research	Journal of NIH Research, L.P. Washington, D.C.	Scientists involved in life science research	28	Np	May
Thurman Marketing Services Inc.	The Pick User Digest Laguna Hills, CA	Users of the Pick operating system	7	P & Np	Jan
Trucking/South	Randall Publishing Tuscaloosa, AL	Management in trucking industry	19	P	Jan
Upside	Upside Publishing Co. Palo Alto, CA	High-tech executives in the Silicon Valley	55	P & Np	Jun
Vision Care Assistant	Jobson Publishing New York, NY	Vision care assistants	25	Np	Jan
Voice Processing Magazine	Information Publishing Corp. Houston, TX	Telecommunication managers	10	N/A	Jan
Washington CEO	Washington CEO Inc. Seattle, WA	Top-level business executives in Washington state	20	P & Np	Dec
AZ	Trend Magazines Inc. Phoenix, AZ	State residents with an active lifestyle	60	Np	Nov

Consumer magazine start-ups—1989

Magazine title	Company name City/state	Audience	Circulation in thousands	Type of circulation	Start-up month
About Children	About Children Tuscaloosa, AL	Parents of children ages 2-12	75	P & Np	Jul
Aldus Magazine	Aldus Corporation Seattle, WA	Users of Aldus products	230	Np	Nov
Amiga Plus	Antic Publishing, Inc. San Francisco, CA	Amiga computer users	97	P	Mar
Atarian	Atari Explorer Publications Corp. Mendham, NJ	Atari video game club members	100	P	May
Athens Magazine	Athens Newspapers Inc. Athens, GA	Athens residents	6	P	Mar
Audio/Video Interiors	CurtCo. Publishing Sherman Oaks, CA	Consumers buying audio and video equipment	130	P	Feb
BCV	CareerVision, Inc. New York, NY	Highschool juniors and seniors planning to attend college	250	Np	Sep
Boat	Diamandis Communications Inc. New York, NY	Small powerboat enthusiasts	N/A	P	Jan

(CONTINUED)

Consumer magazine start-ups—1989

Magazine title	Company name City/state	Audience	Circulation in thousands	Type of circulation	Start-up month
Campus Scene	Stamats Communications Cedar Rapids, IA	Midwest college campuses	325	Np	Sep
Canoe & Kayak Racing News	Canoe America Associates Kirkland, WA	Canoe and kayak sport enthusiasts	5	P	Sep
Capital	American City Business Journals Denver, CO	Subscribers to Business Journal newspaper	15	P & Np	Apr
Capital Sports Focus	Capital Sports Focus, Inc. Bethesda, MD	Active sports participants	100	Np	Jan
Carolina Women Today	Nason & Associates Asheville, NC	Women in North and South Carolina	20	P	Jul
Charlotte	New South Press Charlotte, NC	Residents and tourists	15	P & Np	Jan
CitySports	Toma Publishing Minneapolis, MN	Sports and health enthusiasts	45	Np	Apr
Connections	Saga International Holidays Ltd Boston, MA	Traveling senior citizens	300	P & Np	Apr
Cordiality	Cordiality New York, NY	Upscale, 25- to 39-year-old responsible consumers of alcohol	100	Np	Sep
Corvette	Dobbs Publications Lakeland, FL	Corvette enthusiasts	100	P	May
Country America	Meredith Corp. Des Moines, IA	Country music fans	400	P	Oct
DanceBag	DanceBag Magazine Inc. Norman, OK	10- to 16-year-old girls enrolled in commercial dance studio classes	20	P & Np	Jul
East Coast Windsurfing	ECWM, Inc. Cambridge, MA	East Coast windsurfers	10	P	Jun
Elle Decor	Diamandis Communications Inc. New York, NY	Home owners	200	P	Oct
Emerge	Emerge Communications, Inc. New York, NY	Middle income blacks, ages 25-44	150	P	Oct
Entrepreneurial Woman	Entrepreneur Group, Inc. Irvine, CA	Women who own their own business	200	P & Np	Jun
Eye	Renegade Ventures Atlanta, GA	Southerners	24	P	Jun
Eyes Magazine	TenFifty Publications Los Angeles, CA	Young adults	100	Np	Mar
First for Women	Heinrich Bauer North American Inc. Englewood, NJ	Women	4500	P	Jan
Florida Golf Reporter	Golf Reporter Enterprises Inc. Boca Raton, FL	Avid golfers in Florida	15	P & Np	May
Fox Valley Living	Sampler Publications, Inc. St. Charles, IL	Fox Valley residents and visitors	25	P	Sep
Frisko	Frisko Mag. Inc. San Francisco, CA	Active San Francisco residents	7	P	Jun
Garbage	Old House Journal Corporation Brooklyn, NY	People interested in waste management	50	P	Aug
Healthy Kids: Birth-3	Cahners Publishing Co. New York, NY	Parents of children up to age 3	1500	Np	Jan

(CONTINUED)

Consumer magazine start-ups—1989

Magazine title	Company name City/state	Audience	Circulation in thousands	Type of circulation	Start-up month
Heartland Boating	Heartland Publications Martin, TN	Boaters in and around Tennessee	10	P & Np	Mar
Hook, Line & Sinker	Fishwagon, Inc. Harrisburg, AR	Keepers of small lakes and ponds	2	P	Feb
House Plans	Cahners Publishing Co. Des Plaines, IL	Consumers planning on building houses	N/A	P	Jan
i.e.	The Lakeside Group and The Publications Co. Detroit, MI	International art community	N/A	P	Apr
IRA Investor	American Eagle Publishing Corp. Youngstown, OH	IRA investors	500	P	Jan
Imagen	Casio Communications New York, NY	Hispanic women	7	P	Feb
In View	Whittle Communications Knoxville, TN	College women	750	Np	Mar
InMarin	In.Marin San Rafael, CA	Upscale residents	15	P & Np	Jan
Jobs Today	Omni Graphics Detroit, MI	Career guidance counselors and librarians	1	P	Mar
Kansas City Live!	Blue Cross and Blue Shield Kansas City, MO	Blue Cross and Blue Shield policy holders	64	Np	Oct
KidSports	ProServ, Inc. Washington, D.C.	8- to 14-year olds participating in ProServ sports programs	100	Np	Jul
Laugh Track	Abram Entertainment Publishing Group New York, NY	Comedy club patrons	525	Np	Mar
Log Home Living	Homebuyer Publications Herndon, VA	People who live in log houses	N/A	P	Feb
Long Island Parenting News	RDM Publishing Corp. Island Park, NY	Long Island parents	25	Np	Feb
MBJ	PM Publications Inc. Fall River, MA	Macintosh computer users	30	P	Aug
MSO	Transmedia Partners Englewood, CO	Cable system operators, owners and management	15	Np	Sep
Mas	Univision Publications New York, NY	U.S. Hispanics	500	Np	Aug
Mature Health	Haymarket Group New York, NY	Women 35-45	N/A	N/A	Aug
Minneapolis Women	Talcott Publishing Minneapolis, MN	Women living in Minneapolis	35	Np	Aug
Mirabella	Murdoch Magazines New York, NY	Mature women	400	P	Jun
Motorboat Magazine	Power and Motoryacht Association Stamford, CT	Small powerboat owners	140	Np	Feb
Movies USA	Entertax Industries, Inc. Atlanta, GA	Movie goers	N/A	Np	Mar
Moxie	Weider Health & Fitness, Inc. Woodland Hills, CA	Women over 40	250	P	Sep
Neon	Chicago Magazine, Inc. Chicago, IL	Active participants in the city's nightlife	50	P & Np	Aug
New Jersey Focus	New Jersey Focus, Inc. Hillside, NJ	Sunday newspaper buyers in New Jersey	750	Np	Sep

(CONTINUED)

Consumer magazine start-ups—1989

Magazine title	Company name City/state	Audience	Circulation in thousands	Type of circulation	Start-up month
New York Sports Monthly	MJC Publishers Long Island, NY	New Yorkers who watch and participate in sports	150	P	Nov
Newlywed	3/C Publishing Westport, CT	Newly married couples	1250	Np	Apr
Night & Day	Sasquatch Publishing Seattle, WA	Visitors to Seattle	6	Np	May
On Line	Michaelson Entertainment New York, NY	Movie goers	250	Np	Mar
Onyx	Pygmalion Publications, Inc. Laguna Niguel, CA	Beauty salon patrons	25	P & Np	Jan
Orbit Video	Orbit Publishing Vienna, VA	Consumers who buy and rent movies	65	P & NP	Jan
PC Hands On	Mindcraft Publishing Corp. Concord, MA	PC users	50	P	Oct
Portland Life and Business	Pacific Gateway Publications Inc. Portland, OR	Family-oriented residents age 35 and older	50	P & Np	Jan
Quality Living	Mercari Communications Englewood, CO	Aging baby boomers	950	Np	May
Radio-Chicago	Donna Walters & Associates Chicago, IL	Radio enthusiasts	20	P	Oct
Row	FMI Publications Inc. Petaluma, CA	Rowers	35	P	May
Rug Hooking	Commonwealth Communications Services, Inc. Harrisburg, PA	Rug hookers	12	P	May
SF	The California Magazine Partnership San Francisco, CA	San Francisco residents	75	P & Np	May
Seattle Home and Garden	Pacific Northwest Media, Inc. Seattle, WA	Greater Seattle region	25	Np	Sep
Senior American Magazine	Targetmedia Publications Ltd Dundee, IL	Senior citizens	546	Np	Mar
Shaker Spirit	Point Publishing Inc. Point Pleasant, NJ	Shaker lifesyle	25	P	Mar
Snowboarder	The Surfer Publishing Group Dana Point, CA	Snowboard enthusiasts	60	P	Sep
Southern Living's Travel South	Southern Progress Corporation Birmingham, AL	People planning on visiting the South	200	P	Feb
Southern Review	The Guild Bindery Press Oxford, MS	Buyers of Southern cultural and history books	2	P	Jul
Spa Vacations	BW Publishing Inc. Brighton, MA	Spa goers	200	P	Sep
Staten Island	SHM Publications Staten Island, NY	Residents	30	Np	Jan
Texas Bicyclist	Yellow Jersey Enterprises Austin, TX	Serious bicyclists	50	Np	Apr
The Memphis Flyer	MM Corp. Memphis, TN	Memphis residents	25	Np	Feb
The Southwestern Sportsman Magazine	Hetrick Publishing Winkelman, AZ	Hunters and fishermen	12	P & Np	Feb
Times: In harness	Times: Standard Inc. Reynoldsburg, OH	Owners of standard bred horses—breeders and professionals	10	P	Aug

(CONTINUED)

Consumer magazine start-ups—1989

Magazine title	Company name City/state	Audience	Circulation in thousands	Type of circulation	Start-up month
Topaz	Pygmalion Publications, Inc. Laguna Niguel, CA	Hispanics who go to beauty salons	25	P & Np	Jan
UCLA Magazine	University of California, Los Angeles Los Angeles, CA	Alumni, students, staff and area residents	195	Np	Apr
Valley Magazine	Meadowood Publications, Inc. Selinsgrove, PA	Susquehanna Valley residents	30	P	Apr
Vermont Magazine	North Country Publishing Bristol, VT	Vermont lovers	45	P	Sep
WHY	World Hunger Year New York, NY	People interested in hunger and poverty issues	3	P	Jun
Westchester Family	NY Family Publications, Inc. New York, NY	Parents of children living in Westchester	35	Np	Apr
Wigwag	Wigwag Magazine Co., Inc. New York, NY	General interest readers	100	P	Oct
Woodwork	Ross Periodicals Ross, CA	Woodworkers	50	P	Apr

Note: Some start-ups expected for late 1989 had not been announced at press time, and some titles have ceased publication.

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"OUR REPUBLIC AND ITS PRESS WILL RISE OR FALL TOGETHER"
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3¢ UNITED STATES POSTAGE

Postal rate making: The inside story

If you plan to fight the Postal Service's request for a 20 percent rate hike, prepare to step into a world of major importance influenced by dozens of special interest pressure groups. Time Warner, Magazine Publishers of America, Reader's Digest and the Association of Business Publishers are a few of the major rate case players who represent second class. Which one speaks for you? 76

A lady's man is 'publisher of the year'

John Mack Carter has made a career of talking to women. As editor in chief of *Good Housekeeping* and head of Hearst's magazine development, he influences millions of female magazine buyers every month. What makes him so irresistible? 31

National Lampoon: No laughing matter

After watching circulation and ad sales erode in the early eighties, the humor magazine gets serious about changing its image. New management is running more sophisticated editorial and going after new advertisers and readers. 45

NATIONAL LAMPOON
WELCOME TO THE NINETIES

M&A activity cooling down

Everyone knows top magazines commanded unheard-of prices during the past year's hot mergers-and-acquisitions market. But now experts expect a cooldown, with less attractive mid-level titles trying to find new homes. Still, if any big names come to market, watch for heavy bidding, say Wilma Jordan, John Veronis and other key players in magazine transactions. 15

unfold ➤

February 1990

GERALD MEHRA POSTAL LIFE

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Pushing Quark at *Elle Decor*

Production quality may be key to this magazine's survival. So far, the Macintoshes haven't let Hachette down. 65

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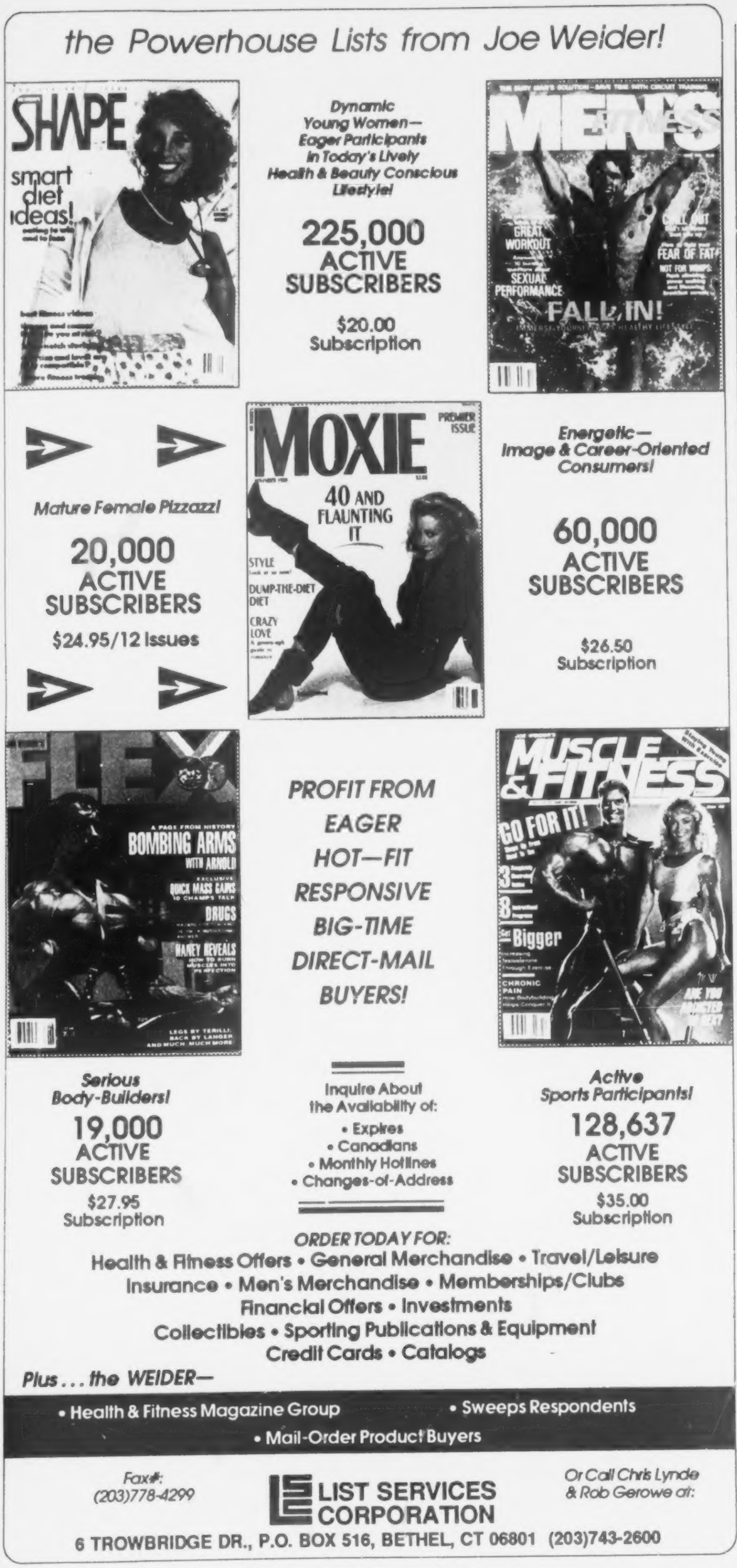

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Vol. 19 No. 2

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MAN OF THE DECADE
The Sexually Confident Woman
Be Beauty Confident:

***Forget recycling:** Send outdated titles to the Eastern bloc.*

turned copies of American magazines to eastern Europe and "flooding the market with all the consumer magazines we can get," says Fuchs.

The last idea has received the most discussion. "It gives us the ability to use products we would normally recycle, shred, or put into landfills—and at same time let countries know more about the United States and how we communicate as a democracy," according to committee member John Walter, chairman and chief executive officer of R.R. Donnelley & Sons Company.

According to Fuchs, distribution might occur in Poland, for example, through Solidarity, Catholic charitable agencies or the 25,000 reading rooms in the country. The ads alone, says Fuchs, would start potential consumers "drooling" over the American way of life.

Another committee task is to advise the USIA on how to make its own publications more effective. Examples are *America Illustrated*, a Russian-language monthly; *Topic*, a bimonthly for sub-Saharan Africa; and *Problems of Communism*, a bimonthly scholarly publication.

This is the first time the organization, also known for Worldnet and its prestigious Fulbright scholarships, has tapped private-sector publishers for advice.☐

Optimistic about ad spending

"Blistering" ad pace of 1989 won't be matched, but healthy spending still predicted for this year and beyond

by Michael Garry

NEW YORK CITY—National ad spending in consumer magazines will rise between 7 percent and 8 percent in 1990, exceeding the expected 5.8 percent growth of the gross national product, predicts Robert E. Coen, senior vice president and director of forecasting at the McCann-Erickson advertising agency.

Total advertising in all media is expected to rise 6.2 percent, to $132.6 billion, in 1990. Coen did not release figures on the business magazine category.

Overseas ad expenditures could rise by as much as 10 percent in local currency. That translates to a 5 percent gain, to $133.7 billion, in U.S. dollars, allowing for some strengthening of the dollar. In 1990, total worldwide advertising expenditures are expected to increase 5.6 percent, to $266.3 billion.

Coen, a highly regarded prognosticator in the advertising business, made his predictions at the recent PaineWebber Media Outlook Conference in New York City.

1989 prediction off

Last year, national advertising in magazines jumped 11.2 percent, to $6.75 billion—far more than Coen's prediction of a 6 percent to 7 percent rise. "I was surprised at the page gains in 1989," Coen admits. (However, the spending figure, from Publishers Information Bureau, does not account for negotiated rates or discounts. Moreover, Veronis, Suhler & Associates notes that revenue was up 7 percent, to $3.3 billion, for the 10 publicly traded consumer magazine companies.)

Coen says he underestimated last year's growth in ad spending by the automotive category (up 14 percent), which had been so strong in prior years that a leveling off was expected. Also, such national retailers as Sears, Roebuck & Company and J.C. Penney Company advertised in magazines more than expected to promote changing retail strategies.

Among packaged goods businesses, cigarette ad spending increased 21 percent in 1989. "I knew cigarette companies were negotiating hard and pushing pages into publications that gave them breaks," says Coen. "But [spending] was more than I thought." The liquor category, up 12 percent, appeared to be returning to more image advertising, following the success of the Absolut Vodka campaign.

Other advertising categories with strong ad-spending increases included foods (up 16 percent), apparel (up 13 percent), cleaners/waxes (up 25 percent), beer (up 22 percent), hotels/resorts/tours (up 17 percent), airlines (up 16 percent) and computers (up 19 percent). Spending declines took place in drugs/remedies (down 12 percent), candy/soft drinks (down 13 percent), restaurants (down 46 percent) and insurance (down 7 percent).

Hard act to follow

Don't look for the "blistering pace" of 1989 ad gains to be repeated this year, Coen says. The 11.2 percent rise should moderate to a 7 percent to 8 percent increase. "A magazine that got big page increases out of liquor and cigarette companies will have a tough time just holding on to those pages this year," he notes.

Stymied by a slowdown in housing construction and auto sales, the economy just does not favor another large leap in ad spending this year, Coen says. Economists expect last year's 7.2 percent rise in the gross

Most categories showed strength in 1989

Beer	+22%
Cigarettes	+21
Computers	+19
Hotels/tours	+17
Airlines	+16
Foods	+16
Automobiles	+14
Liquor	+12
Insurance	-7
Drugs/remedies	-12
Candy/soft drinks	-13
Restaurants	-46

Source: McCann-Erickson

*Unexpected **heavy spending** in major categories offset drops in smaller categories.*

national product to slip to 5.8 percent in 1990.

Still, Coen is optimistic about the ad industry's prospects for the 1990s. "We see signs of an upward momentum in media spending," says Coen. In 1989, national marketers' mass media budgets grew at their fastest pace in a post-Olympic year since 1983. Mergers and acquisitions have "run their course," leading to "a gradual return to the production and marketing of consumer products and services." Moreover, the outlook is for an increase in double-salary, no-children households, which might have more discretionary income. "Give things a chance," says Coen, "and advertising should be more and more in demand."☐

Catalogs shown effective competitors

■ CLEVELAND—Catalogs, a tiny but growing competitor for print ads, just got a boost in their ad quest from Leichtung Workshops.

Ads in Leichtung tool catalogs led to significant sales increases for Chevrolet's full-sized C/K trucks, according to a random, nine-month sampling of readers of seven catalogs. Specifically, the study determined that the number of Leichtung readers purchasing Chevy's C/K pickup grew 2.5 times faster than the national average.

Financed by Catalog Media Corporation (CMC) and performed by independent database operator R.L. Polk, the study showed the following:

- Among Leichtung readers, Chevy light truck sales exhibited a 46 percent increase, compared with an 18 percent increase nationally.
- While the advertised C/K truck upped its share of the pickup truck market 20 percent nationally, the percentage increase was 50 percent among Leichtung readers.
- Although Ford continues to outpace Chevy in light truck sales on a national level, Chevy's share among Leichtung readers—which had previously been lower than Ford's—is now higher.

CMC president John Chunko claims that, normally, "an increase like this is simply not attributable to or measurable in any medium of any type. This is probably the first time that a print program has been this accountable for making such a drastic change in market share."

Print ads were a $2.5 million business for catalogs in 1986, and last year reached $54 million in revenue, according to CMC.—*Jeff Perlman*

Leichtung details why—
AMERICA'S HAVING A CHANGE OF HEART.
SAVE ON PREFERRED EQUIPMENT GROUPS OPTIONS!
The Heartbeat of America
Today's Chevy Truck
LEICHTUNG WORKSHOPS
1988 Holiday Giftbook

Car ads also run in The Sharper Image, Eddie Bauer and Cabela's.

Bill may smoke out local tobacco advertisers

■ WASHINGTON, D.C.—Tobacco advertising in regional magazines could be threatened by a bill that would enable states and cities to restrict the advertising locally.

The bill, proposed by Senator Edward Kennedy (D-Mass.), is scheduled to be discussed at a hearing during the first quarter, and, after a mark-up period, will be acted upon by the Senate.

Magazines with primarily in-state circulation could feel the aftershocks of the bill, says Jack Thomasson, director of advertising sales at *Jacksonville Today*. Localities would be permitted to regulate advertising in regional magazines, as well as on billboards, buses and placards, and on other forms of local advertising, according to Mona Sarfaty, senior health policy adviser for the Senate Committee on Labor and Human Resources.

The bill also calls for a counter-advertising program, which would educate the public about the harms of tobacco, give incentive grants to states that prohibit cigarette sales to minors, and seek out other methods of reducing tobacco use.

Previously, the bill had called for restrictions on ad creative, such as allowing text-only ads. That provision was dropped after the Freedom to Advertise Coalition argued that it violated the First Amendment right to freedom of speech, according to Magazine Publishers of America.

The current bill's purpose—to reduce the number of smokers—is workable, Sarfaty says, claiming that a restrictive bill in Canada helped reduce smoking by 3.5 percent.

Restore power to states

Sarfaty also points out that states have been able to regulate alcohol, automobile and other advertising for years. But in 1965 a Federal preemption clause prevented local regulation of tobacco advertising.

The proposed bill, which would change the privilege, has made some magazine ad salespeople nervous. "My opinion of the readers of city and regional magazines is that they're highly educated," says Thomasson,

BENSON & HEDGES
MAGNA
Good Smoke. Great Price.
THE REFRESHES

***Cigarette ad dollars** could disappear from regional titles.*

whose magazine accepts advertising from such firms as R.J. Reynolds Tobacco Company. "I think tobacco companies are doing their part by putting a disclaimer. It's up to the reader to decide."

Although observers doubt that the bill will severely hurt tobacco advertising in most magazines, Thomasson believes it could pave the way for further restrictions.

Meanwhile, Australia, which has already banned tobacco advertising from television, is considering a ban in newspapers and magazines. Legislation will be introduced next year and would become law one year after being passed by Parliament.☐

Third class mail: Strictly third rate?

NEW YORK CITY—Third class bulk mail ranks last in importance of the four United States Postal Service (USPS) subclasses, according to a recent survey that was initiated by the Direct Marketing Association (DMA) and conducted by The Gallup Organization.

Among other questions, the poll asked USPS employees, Congress and the media to rank all types of mail. All categories of third class mail (catalogs and advertisements) ranked below first class mail (bills and personal letters), second class mail (newspapers and magazines) and fourth class mail (parcels).

The results are less positive than a 1988 USPS Household Diary Survey, which concluded that 63.3 percent of Americans feel third class mail is useful or interesting.

Leaving a bad impression

In the DMA poll, many respondents expressed a feeling that third class mail is delivered late and that its sheer volume helps delay delivery of other classes of mail. They also identified such problems as improper addressing and high undeliverable rates.

Furthermore, many congressional officials and members of the media said that third class mail often comes from companies that use deceptive mailing practices.

The survey also showed that many marketers are unaware that third class mail, of the four subclasses, contributes the most revenue to the USPS. A rate increase in second class mail, for example, would have to be quadrupled if the USPS wanted to produce the revenue of a third class increase.

Both Congress and the media indicated they believe alternate delivery would be beneficial. Only USPS members called it negative, saying it would cut into postal profits.

The DMA, refusing to take the results lying down, has established the DMA image change committee, chaired by Jeremy E. Lanigan, president of the book group of the Meredith Corporation. The group, acting on the poll results, is developing a communications program to let the industry and public know the value of third class mail.

The survey was conducted after the last rate case. Response rates to various questions were between 38.9 percent and 53.8 percent.☐

Bulk mail hits bottom in DMA opinion poll

On a scale of 1 to 4, with 1 being most important, how do various interest groups view the importance of the following types of communications?

Class	Type	Postal	Congress	Media
1	Checks or bills	1.0	1.1	1.0
1	Business correspondence	1.2	1.3	1.3
1	Personal letters	1.1	1.1	1.1
4	Parcels	1.3	1.5	1.5
2	Local newspapers and magazines	1.5	1.9	1.9
2	National newspapers and magazines	1.6	1.9	1.8
3	National bulk business magazines	2.0	2.8	2.9
3	Mail order catalogs	2.0	2.7	2.7
	Number of respondents	1,069	277	245

Source: Direct Marketing Association

***Not surprisingly**, the Postal Service had the most favorable view of mail; Congress and the media were nearly identical in their views.*

Washington Flyer takes off

ALEXANDRIA, VA.—"They're flying out of the airports," says publisher Rebecca Seely of *Washington Flyer*, the first in-airport title aimed at frequent flyers. Launched in September, the bimonthly—prominently displayed and distributed free at Washington's two major airports—has increased distribution by one third, from 120,000 to 160,000 copies.

PREMIERE ISSUE!
Washington Flyer
Space: Future
Asheville, N.C.
Washington World Trade Center

***The publisher still** has no plans to expand the magazine concept into other cities.*

The new title targets affluent frequent flyers, especially legislators, business leaders, the space and aerospace community, the diplomatic community, national trade associations and special interest groups. Editorial includes foreign and domestic travel information, airline news, Washington airport updates and news of the space industry.

An ad market was ready-made. *Washington Flyer* is a joint venture of the Metropolitan Washington Airports Authority and Ackerley Airport Advertising, Inc., a division of Ackerley Communications, which owns outdoor and airport advertising operations (including more than 120 airport advertising concessions across the country), radio and television stations (five of each), and the Seattle Supersonics. Total annual sales in 1988 was over $153 million.

Essentially, airport advertisers—particularly those whose messages are displayed on lighted dioramas—can use the title to double the impact of their reach among the airports' 29 million passengers, says Dave Arger, marketing manager of Ackerley's Washington regional office.

"The magazines complement our other media," he says. At press time, however, the company had no plans to publish similar magazines in other cities.

So far, ad pages have risen from 12 to 20 in the first three issues, says Gregory Muzi, *Washington Flyer*'s advertising manager. The magazine expects to attract advocacy advertising, the hospitality and travel industry, real estate, and computers and office equipment.

In addition to being distributed at Washington National and Dulles International, copies of *Washington Flyer* are sent to Capitol Hill, embassies, the American Society of Travel Agents (ASTA), the American Society of Association Executives (ASAE), the Washington Area Concierge Association and public relations companies and advertising agencies.

The introductory subscription price is six issues for $7.95; the regular price is $12. A single copy costs $2.50. A black-and-white page costs $3,900; a four-color page is $4,700.☐

Position doesn't count—except . . .

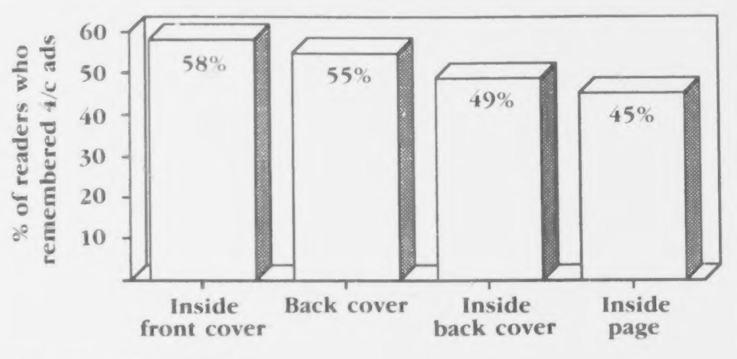
MAMARONECK, N.Y.—In the ongoing debate about whether ad position matters, here's one for those who say it makes a difference: In a recent study, ads on the inside front cover scored higher in reader recognition than ads inside the book or in other cover positions.

The study, conducted by Starch INRA Hooper, an advertising, public opinion and marketing research company, compared 618 ads with cover positions to 10,789 one-page, four-color inside ads. Inside-cover ads were "noted" by readers an average of 29 percent more than were those appearing inside the book. Ads on the back and inside back cover were recognized 22 percent and 6 percent more, respectively.

The average "noted" score—the percent of readers who remember an ad in a given issue—for inside-cover ads was 58 percent, compared to 55 percent for the back cover and 49 percent for the inside back.

The findings were consistent among different publications, including women's, dual audience, men's consumer, and business magazines.

Despite the findings, ad positions matter much less when it comes to the inside of the book. In an earlier study, Starch reported that an ad appearing in the front of a magazine has no significant advantage over the same ad appearing in the back.☐


Cover positions gain most attention

Source: Starch INRA Hooper, Inc.

***To make an ad stand out**, use the inside front cover, say Starch researchers, who point out that positions inside the book are noticed less often.*

1992: Breakthrough or business as usual?

NEW YORK CITY—Despite the hoopla, it will be business as usual for most publishers with the formation of the European Economic Community (EEC) in 1992.

At least, that's the word from several international publishing experts at the Magazine Publishing Congress last fall.

"1992 is not a new market," said Bernd Katzenstein, editor of *DM* in West Germany. European publishers have had a free market since the 1950s and 1960s, he explained, which means their operations will remain relatively unaffected by a calendar date.

Advertising agency Ogilvy & Mather is not looking at 1992 as a deadline, either. In its publication *View 2000*, O&M said it sees the formation of the EEC as a gradual process that will benefit American and other foreign businesses that were established in Europe before 1992. O&M predicted the big winners will be companies with successful joint ventures and local production capabilities.

Language remains a barrier

Language barriers will still be a problem for publishers in Europe. "The basic situation in 1992 is that Europeans are not going to begin to read in other languages because an artificial date for an economic union has been set," warned Lee Hall, president of IntPub and consultant to Playboy Enterprises and Time Inc. Magazine Co. abroad. The most successful magazines, he said, will be specific to one culture and in the reader's native tongue.

GERMANY
Paris
CZECHOSL
SWITZERLAND
AUSTRIA
YUG
Corsica
Sardinia

Donald Kummerfeld, president of Magazine Publishers of America, sees the 1992 formation as an opportunity for medium-tier and trade publishers. In the past, primarily large commercial publishers, along with a few smaller trade magazines like CMP Publications' *Electronic World News*, have been successful in Europe.

There's always the possibility that 1992 may not produce the watershed event that many American publishers are expecting. "I really think, of all the businesses that I can imagine, publishing will be the least affected by 1992," said Hall. ☐

for all our short runs.

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#1 IN SHORT RUNS.
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Gift Shop
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LIGHTING
OUTDOOR LIGHTING
Clinical
North Shore
Alternatives
New England
PROFILES
Folio:
How to manage advertiser pressure

Circle no. 36 for more information

1989 mergers and acquisitions

(CONTINUED)

Acquiring company	Magazine	Circulation in thousands	Type of circulation	Seller	Price in millions (est.)
First Quarter					
ABC Publishing New York, NY	*Outdoor Power Equipment*	12	Np	Quinn Publications	N/A
Advantage Companies, Inc. Nashville, TN	*RX Homecare*	18	N/A	Macmillan, Inc.	$.8
Aster Publishing Corp. Eugene, OR	*European Spectroscopy News*	20	Np	Wiley Publishing	($2.5)
Billboard Publications, Inc. New York, NY	*Architecture*	65	P	American Institute of Architects	($4) for 49 percent
Cahners Publishing Company Newton, MA	*Power and Motoryacht* *Hospital Medicine* *Urology;* seven other medical titles	150 138 7	Np Np P	Geoffrey F. Hammond Hospital Publications, Inc.	($45) part of $52 million Reed Int. deal *
ESS Ventures, Inc. Alexandria, VA	*Mid-Atlantic Country*	115	P	The Baltimore Sun Company	N/A
Enterprise Communications McLean, VA	*Veterinary Product News*	40	Np	North Publishing Co.	($3)
FM Business Publications Inc. New York, NY	*Fleet Owner, Small Fleet Edition* *Computer Decisions*	114 N/A	Np N/A	McGraw-Hill Baetech Publishing	($10) N/A
Grenadier Associates LTD Stamford, CT	*Southern Links*	135	Np	Southern Links Productions	N/A
Guest Informant Woodland Hills, CA	*Baltimore Scene* *In Baltimore* *In Howard County*	700 N/A N/A	Np Np(area hotels) Np(area hotels)	Intramedia Network Publications	N/A
John and Sheryl Bills Heckler Middleburg, VA	*Spur*	10	P	Jack and Esther Coopersmith	N/A
LFP, Inc. Beverly Hills, CA	*Hot Boat*	100	P	HBM Publications	N/A
Maclean Hunter Publishing Company Chicago, IL	*MD*	127	Np	MD Publications	($9)
Macworld Communications San Francisco, CA	*Macazine*	N/A	N/A	Hart Graphics, Inc.	N/A
Magna Publications Madison, WI	*In Business*	13	Np	Suzanne Beecher	($.25)
PennWell Publishing Co. Tulsa, OK	*Lightwave*	17	Np	Howard Rausch	N/A
Physicians World Communications Group, Secaucus, NJ	*Physician Assistant* *Hospital Physician;* six other medical titles	22 100	Np Np	VNU Business Information Services, Inc.	($55) *
Preston V. McMurray Phoenix, AZ	*Vim & Vigor*	378	Np	Baptist Hospital and Health System	($3)
SIGS Publications, Inc. New York, NY	*Journal of Pascal, Ada & Modula-2*	7	P	John Wiley & Sons	($2.5)
Streamline Publishing Corp. Palm Beach, FL	*The Pulse of Broadcasting*	5	Np	Sillerman-Magee Communications Management Corp.	N/A

*Group Purchase N/A—Not available P—Paid Np—Nonpaid

1989 mergers and acquisitions

(CONTINUED)

First Quarter (CONTINUED)

Acquiring company	Magazine	Circulation in thousands	Type of circulation	Seller	Price in millions (est.)
T.T. Publications, Inc. Longwood, FL	*Florida Woods And Waters Protectors*	N/A	N/A	Woods and Waters Publications	N/A
TV HOST, Inc. Harrisburg, PA	*Preview*	350	N/A	Preview Magazine Corporation	N/A
The New York Times Company New York, NY	*GolfWorld*	107	P	GolfWorld-Wide Inc.	N/A
Time Inc. and Hachette-subsidiary FEP, Japan	*Elle Japon*	300	N/A	Replaces Hachette and Magazine House (Japan) agreement	N/A
Verlagsruppe Georg von Holtzbrinck (GMBH), West Germany	*Corporate Finance*	50	Np	CFM Associates	($8) for 49 percent
Warner Publishing, Inc. New York, NY	*Vista*	1400	P	Horizon Communications	$1 million for 20 percent

Second Quarter

Acquiring company	Magazine	Circulation in thousands	Type of circulation	Seller	Price in millions (est.)
Billian Publishing, Inc. Atlanta, GA	*Antique Monthly* *Small Boat Journal*	31 61	P P	Boone, Inc. Watering, Inc.	N/A N/A
Butterworth Publishers Stoneham, MA	*International Contact Lens Clinic*	4	P	Professional Press	N/A
Century Communications Inc. Niles, IL	*Craftrends*	31	Np	Archibald Press LTD	N/A
Chilton Company Radnor, PA	*Decorative Products World*	35	Np	Business News Publishing Co.	($1.2)
Diamandis Communications Inc. New York, NY	*High Fidelity* *Modern Photography*	327 689	P P	ABC Publishing	$5-$10 for two titles
Excerpta Medica Princeton, NJ	*Hospital Therapy* *Drug Therapy*	47 111	Np Np	McGraw-Hill, Inc.	N/A
FM Business Publications New York, NY	*Supermarket Business*	77	Np	Sosland Publications	($10)
Gary Gillett Vail, CO	*Vail*	30	Np	General Communications, Inc.	N/A
Hachette/Filipacchi Publications France	*Showboats International*	40	P	Patrick Tabrul	N/A
K-III Holdings New York, NY	14 trade titles			Intertec Publishing	$167
Knowledge Industry Publications, Inc. White Plains, NY	*Computer Pictures*	32	Np	Electronic Pictures Corp.	($2)
Krause Publications, Inc. Iola, WI	*Rural Builder*	24	Np	American Farm Building Services	($3)
Lakewood Publications Inc. Minneapolis, MN	*Marketing Communications*	24	N/A	Media Horizons, Inc.	N/A
Levitt Communications, Inc. Washington, DC	*Stagebill*	1000	Np	B&B Enterprises, Inc.	N/A

1989 mergers and acquisitions

(CONTINUED)

Second Quarter (CONTINUED)

Acquiring company	Magazine	Circulation in thousands	Type of circulation	Seller	Price in millions (est.)
Joint venture between Macfadden Holdings Inc. and Boston Ventures New York, NY	*National Enquirer*	4,285	P	The estate of Generoso Pope	$412.5
	Weekly World News	927	P		
McGraw-Hill, Inc. New York, NY	*UnixWorld*	55	P	Tech Valley Publishing	($10)
Media Ventures Inc. Bridgeport, CT	*The Business Journal*	5	P	Carolyn Hitchcock	N/A
Miller Freeman Publications, Inc. San Francisco, CA	*LAN*	40	P & Np	Telecom Library Inc.	($6.5)
	Guitar Player Inc. includes			Dalton Communications	$14
	Guitar Player	131	P		
	Frets	26	P		
	Keyboard	84	P		
Murdoch's News Corp. New York, NY	*Soap Opera Digest*	1,148	P	Gerry Ritterman	$70
New York Times Company Magazine Group, New York, NY	*McCall's*	5,142	P	Working Woman/McCall's Group	$80
Owner and Builder Publications, Inc. Walnut Creek, CA	*Home Resource*	30	P	Home Resource Magazine, Inc.	N/A
PTN Publishing Corporation Woodbury, NY	*Chief Fire Executive*	42	Np	Firehouse Communications Inc.	($4) *
	Firehouse	110	P		
Reed International London	*Travel Weekly*	45	P	Murdoch	$825
	Meetings & Conventions; along with three hotel-related databases and six directories	80	Np		
Romaine Pierson Publishers, Inc. Port Washington, NY	*Applied Radiology*	32	Np	Macmillan Healthcare Information	($6.5)
Shaw Publishing Inc. Charlotte, NC	includes 21 weekly business journals			American City Business Journals Inc.	$22.75 for 30 percent
Southern Progress Corporation Birmingham, AL	*Southern Magazine*	260	P	Stephens Inc. and Southern Limited Partnership	N/A
The Law Bulletin Publishing Co. Chicago, IL	*Chicago Lawyer*	6	P	Robert Warden	($1.2)
Thousand Trails, Inc. Bellevue, WA	*Resort Club News*	100	N/A	NACO East	N/A
Times Mirror Magazines, Inc. New York, NY	golf magazines and guides; includes *U.S. Open*	N/A	N/A	Sports Marketing Group	N/A
Investment group headed by William Koch, Dedham, MA	*New England Business*	30	Np	Yankee Publishing Co.	($1.5)

Third Quarter

Acquiring company	Magazine	Circulation in thousands	Type of circulation	Seller	Price in millions (est.)
Drake Publishers, Inc. New York, NY	*Venture*	450	P	Arthur Lipper	N/A
Faulkner & Gray, Inc. New York, NY	*Western Banker*	14	Np	Harris Communications	N/A

1989 mergers and acquisitions

(CONTINUED)

Third Quarter (CONTINUED)

Acquiring company	Magazine	Circulation in thousands	Type of circulation	Seller	Price in millions (est.)
Richard Friese New York, NY	*Unique Homes*	70	P	Ziff-Davis Publishing Co.	N/A
Gralla Publications Inc. New York, NY	*Architectural Lighting*	55	Np	Aster Publications	N/A
Hunter Publishing Limited Partnership Des Plaines, IL	*High Technology Export & Import*	15	P & Np	International Trade and Communications Ltd.	N/A
IDG Communications/Peterborough Peterborough, NH	*GamePro*	300	P	SuperPlay, Inc.	N/A
Intertec Publishing Corp. Overland Park, KS	electrical publications group			McGraw-Hill	N/A
Island Publishing Providence, RI	*Medical SelfCare*	125	P & Np	Medical SelfCare, Inc.	N/A
Kalmbach Publishing Co., Inc. Milwaukee, WI	*Creative Product News*	35	Np	Cottage Communications, Inc.	N/A
Dale Lang New York, NY	*Working Mother* *Working Woman*	605 905	P P	Time Inc.	$25 for 50 percent
Joint agreement between Dale Lang and Citicorp Venture Capital New York, NY	*Ms.* *Sassy*	550 450	P P	Citicorp and State Bank of New South Wales	N/A
Legal Communications Ltd. Radnor, PA	*Delaware Valley Counselor* *Delaware Court Reporter*; 15 other legal titles	20 N/A	Np Np	Packard Publishing Co.	6.95 *
Medical Economics Company Oradell, NJ	*Dental Lab Products* *Dental Products Report* *Dental Products Report Int'l*	21 140 37	Np Np Np	Irving Cloud Publishing Company	N/A
Penton Publishing Cleveland, OH	*Electronic Design* *Electronics* *Microwaves & RF*; three other titles	150 85 62	Np Np Np	VNU Business Publications, Inc.	($75) *
Scholastic Inc. New York, NY	*Instructor*	276	P	Edgell Communications	N/A
Shaw Publishing Inc. Charlotte, NC	*Florida Real Estate*	100	Np	J.J. Publications Inc.	N/A
Todd E. Fandell Kankakee, IL	*Chicago Times*	54	P & Np	Small Newspaper Group Inc.	N/A
Veronis Suhler & Associates New York, NY	*Crafts* *Handgun Quarterly* *Profitable Craft Merchandising* *Rotor & Wing* *Shooting Times* *Sew News*	400 N/A 30 38 192 221	P N/A Np P & Np P P	PJS Publications, Inc. (Peoria Journal Star Co.)	$13.9 *

Fourth Quarter

Acquiring company	Magazine	Circulation in thousands	Type of circulation	Seller	Price in millions (est.)
American Express Publishing Corp. New York, NY	*Atlanta*	62	P	MetroCorp	N/A
IDG Communications/Peterborough Peterborough, NH	*Commodore*	45	P	Commodore Business Machines	N/A

C4325-1

Folio:

A Publication of The Hanson Publishing Group, Inc.

MARCH 1990 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50

25 years of change

POST
Eerie new tests in ESP
VANESSA REDGRAVE
AGATHA CHRISTIE
Part two
A funny and fascinating look into the future...
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the Acting
TOWN & COUNTRY
LIFE
The Atlantic
The Man With All the Answe
Reader's Digest
Natural History
YANKEE
NATIONAL GEOGRAPHIC
Powered Flight Before the Wrights?

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Consumer giants take to niche publishing

U.S. News & World Report and *Family Circle* both unveil a series of special editorial products designed to target readers who have specific interests. 49

Tobacco vs. magazines

R.J. Reynolds has been spending big bucks to capture prime check-out space in 1,400 supermarkets, forcing magazines into lesser positions. This creates a touchy situation for magazines that rely heavily on cigarette ad revenue. 21

KEN CONDON

Telemarketing: Not the end of the line

More publishers are coming to see telemarketing as a logical, practical, cost-effective weapon in the circulation department's war to win subscribers. Speed and the ability to interact are just two benefits. 91

FELICIA NESTOR

She's still angry

Robin Morgan is "as feminist and as furious as ever." The new *Ms.* editor has vowed to return the title to its radical roots. 41

unfold ➤

March 1990

Your printer's bill: Key to savings 100

ROBERT KAUFMAN

If you know where to look, your printer's invoice is a good place to search for and find hidden, unexpected ways to save money.

List rental negotiation 110

The nature of list rental is changing. If you are going to buy or sell lists today, you must be aware of key negotiating tactics that affect quality and price.

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Bonuses for postal employees that are tied to keeping postal increases down may be one way to increase efficiency, suggests Cary Baer of Reader's Digest.

Consumer books hot in '89 21

PIB titles now claim the biggest ad-dollar growth spurt since 1984. Who are the winners—and losers?

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Electronic war stories

Conversion to a new electronic production system often feels about as good as going through puberty again, sources say. Here are tales of those who have emerged triumphant. 77

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Photo-illustrators like Alan Brown are tinkering with images at home. 73

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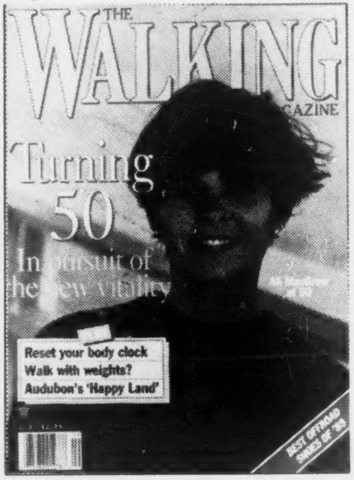

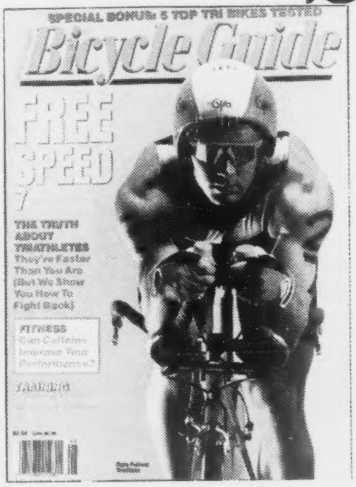
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Vol. 19 No. 3

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THE MAGAZINE FOR MAGAZINE MANAGEMENT

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UPDATE

Cigarettes battle for check-out space

Armed with big bucks, R.J. Reynolds is pushing aside magazines at top supermarket chains

by Barbara Love

CHICAGO—As if magazines have not had enough problems with single-copy sales, R.J. Reynolds Tobacco Company is spending big bucks to muscle magazines out of prime check-out positions in 1,400 or more supermarkets and drug stores.

One single-copy sales consultant stresses that the move is "just a test and not a program"—but it is "a dangerous test that should concern magazines."

What is dangerous are the high check-out fees Reynolds is paying—about 20 times what magazines have been paying for the same space. For perspective, one need only remember the roar that went up when *First for Women* upped the ante for front-end space by 25 percent just about a year ago.

Calling Reynolds' fee an "outrageous offer," John Harrington, president of the Council for Periodical Distributors Associations, says Reynolds is "willing to pay thousands of dollars up front for space before it makes a penny on a sale. The offer changes the entire scale of the check-out value."

So far, five large chains have accepted Reynolds' offer and made major changes in the front end that have hurt magazines. Three of the chains, in the Chicago area (Jewel, Dominick's and Osco), and 120 Shoprite stores in the Northeast have reracked. The fifth, Winn-Dixie, in Florida, is in the process of reracking 800 stores.

Reports vary as to how serious the changes are. One vice president of distribution for a major consumer magazine publisher says Winn-Dixie "is rearranging entire check-outs, adding cigarettes by blocking magazines or moving them to lesser positions." A director of single-copy sales, however, says cigarettes will dominate only one rack out of seven in Winn-Dixies. As for Dominick's, FOLIO: was told both that every other rack and that every fourth or sixth rack in each store will be dominated by cigarettes.

Why is Reynolds making such a bold move? One theory is that the tobacco industry, anticipating future ad bans, is boosting check-out presence to protect its flanks.

"The cigarette industry strategy reflects the fact that [the industry] is under extraordinary assault," says Harrington. "There are no bills on the floor of the House or the Senate now prohibiting tobacco advertising in magazines—publishers and cigarette manufacturers fight against that—but people anticipate in the next three to

(CONTINUED ON PAGE 32)

Consumer titles still hot

Mass market titles emerge winners from 1989's scratch-and-claw ad market

by Kevin Sgbia

NEW YORK CITY—Now there's good news for those publishers who bemoaned single-copy woes, suffered ad-clutter complaints and faced competitors who did all but roll over and beg for extra ad pages.

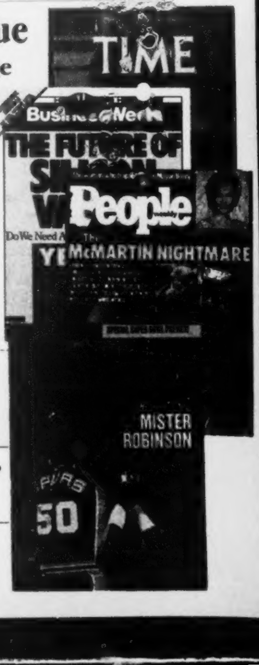
Consumer ad revenues were up 10.9 percent last year, showing double-digit growth for the first time since 1984. Moreover, ad pages also broke records for the 166 magazines tracked by Publishers Information Bureau (PIB).

Total ad revenue topped $6.6 billion—a new high. Adjustments for discounts and rate negotiations, however, bring revenue to about $5.1 bil-

Top 10 PIB publications ranked by revenue

Magazine	1989 Revenue	Percent change from 1988
Time	$373,385,017	6.8
Sports Illustrated	336,671,529	4.0
People Weekly	326,203,199	6.8
TV Guide	322,885,623	–3.7
Business Week	260,575,042	14.8
Newsweek	255,918,694	5.8
Fortune	167,284,538	21.7
Forbes	57,696,946	22.5
U.S. News & World Report	152,843,252	19.3
Better Homes and Gardens	152,436,109	–0.2

Source: Publishers Information Bureau



The top titles from Time Inc. Magazine Co. ruled the industry in ad revenues last year, commanding more than $1.2 billion.

Top ad categories leap in growth

Category	1989 Revenue	Percent change from 1988
Automotive	$882,890,965	10.35
Toiletries & cosmetics	650,710,759	12.86
Business/consumer services	528,324,524	12.90
Direct response	518,368,753	11.12
Food & food products	435,345,476	15.49
Cigarettes/tobacco	401,485,897	13.34
Apparel	395,046,995	10.56
Travel	374,493,158	16.41
Computers	288,374,673	15.80
Beer, wine and liquor	256,764,679	19.12
Total	$4,731,805,879	13.04

Source: Publishers Information Bureau

***The top 10** categories represent 71 percent of the year's ad revenue of $6.6 billion.*

lion, according to one calculation.

The rosiest magazine categories were business, travel, auto and bridal, along with the Seven Sisters. And, surprisingly, only a few categories, such as investment and gardening, suffered an off year, says Sarah Crowley, associate media director and director of print advertising for Hill, Holliday advertising. Individual books may have struggled, she notes, but most categories did well.

Despite the surge in specialty books, many ad-heavy mass market titles performed better this year than in 1988, says Donald Kummerfeld, president of MPA. Both *Time* and *U.S. News & World Report*, for example, reported big gains, as did most of the Seven Sisters.

Time Inc. Magazine Co. titles topped the revenue charts, with *Time*, *Sports Illustrated* and *People Weekly* together bringing in over $1 billion in ad revenue for the company. *TV Guide* was fourth, despite losing ground last year, and *Business Week* rounded out the top five.

"Clearly, the Time titles benefited from the MAX-PLAN," says Richard LePere, a publishing management consultant. The plan, which rewards network advertisers with free pages, evidently also helped *Fortune*: The biweekly was seventh in overall revenue and showed almost 22 percent revenue growth.

The real story, however, is that the total revenue for consumer ads has shown strong growth for three years, gaining 5.5 percent in 1987 and 8.6 percent in 1988, says Kummerfeld. Advertiser spending on magazines has grown for 14 years straight, he says, but 1985 and 1986 were actually flat when adjusted for inflation.

Automotive advertisers contributed most to the big year, spending nearly $900 million, despite changes in media strategy that led Nissan and General Motors to pull a combined $350 million from magazines. The push for pages came largely from auto advertisers selling luxury cars.

Some strong categories turned negative numbers into positives last year. Business/consumer services went up 12.9 percent, and food advertisers rose 15.5 percent after spending less in magazines in 1988 than in 1987. The biggest gainer was beer, wine and liquor, which jumped 19.1 percent from 1988.

False boom in business titles?

On the surface, at least, major business titles finally rebounded from the stock market crash of 1987. *Business Week* outpaced all titles, with 4,914 ad pages, compared to 4,586 in 1988. The magazine also topped other business weeklies with over $260 million in ad revenue. *Fortune*, up 16.6 percent in pages, showed the biggest gain of any business title since the stock market crash, with an increase of over 700 pages.

Forbes had 12.9 percent page growth, and its revenue climbed 22.5 percent, to over $157 million. *Entrepreneur* also showed the largest percentage gains.

Crowley, however, calls the business-book growth "a farce. Free pages are a common practice for any advertiser that has committed to those titles. I have not noticed this degree of free pages in any other category."

Only a handful of business magazines posted losing numbers, most notably the struggling *Manhattan,inc.* It was down 15.9 percent in revenue, dropping from $8.2 million to $6.9 million. *High Technology Business* had the worst numbers of any PIB title: down 50.5 percent in revenue and 53.5 percent in pages.

Moreover, the leading investment magazines declined. *Money*, slightly off in revenue and down 7 percent in pages, didn't appear to benefit from the MAX-PLAN. *Changing Times* fell off 8.5 percent in pages and 4.7 percent in revenue. "These books never made it back after the stock market crash," says Crowley.

But travel titles had a strong year, thanks in part to a 16.4 percent increase in spending by travel, hotel and resort advertisers. "Travel has been a booming market the past five or six years," says LePere.

Conde Nast Traveler, whose forthright editorial sent some offended advertisers packing, had gains of 78 percent in revenue and 52.7 percent in pages. "The fact that they shoot straight from the hip is the reason advertisers want to be in the book," says Crowley. *Travel & Leisure*, the category leader in revenue, showed a healthy 19 percent growth. Also strong were *European Travel & Life* and *Endless Vacation*.

Meanwhile, the automotive category was strong from top to bottom, with two books, *Car and Driver* and *Motor Trend*, showing over 20 percent revenue gains. And both *Bride's* and *Modern Bride* walked off with double-digit gains in pages and revenue. With the exception of *Better Homes and Gardens*, moreover, the Seven Sisters were all up at least 9 percent in revenue—no doubt due to extensive marketing "partnerships" among packaged-goods advertisers.

On the losing side were such major gardening magazines as *Flower & Garden* and *Organic Gardening*. The former slipped in revenue from nearly $2.1 million to $1.9 million, while losing over 14 percent of its ad pages from 1988. *Organic Gardening* was down 18 percent in pages and nearly 1 percent in revenue. ☐

25 years of change

What's been happening in the consumer magazine industry? Emerging trends may come as a surprise

BY JAMES B. KOBAK

Pity the poor consumer magazine industry. Since 1963 it has been battered by television and beset by cable. It has suffered distribution by a backward Postal Service, tried desperately to get its products distributed through an antiquated single-copy distribution system, coped with higher paper and postal rates, and tried to reach an increasingly illiterate population.

Nonetheless, during the past 25 years the consumer magazine industry has—

- Put out three times as many magazine titles as there were in 1963—1,275 versus 445.
- Published twice as many issues—15,500 versus 7,400.
- Had about twice the circulation—540 million versus 270 million.
- Increased by 50 percent the total number of copies over 25 years ago—11.4 billion versus 7.7 billion.

To put it another way, the average household got 5.9 different magazines in 1988 as compared to only 4.9 in 1963. That means that 125 copies of magazines went through each door in 1988.

Keep in mind that these figures are very understated because I tried to limit them to "true" magazines. For instance, I omitted comic books, entertainment guides and several other types of publications. And, since this analysis was taken from Standard Rate & Data, magazines that do not take advertising were not included. This means that the likes of *Guideposts, Highlights for Children* and *Country Woman* were not counted.

This information, and that which follows, was developed because I have been at it again—trying to figure out what has been going on in the consumer magazine business by studying *my* favorite magazine—Standard Rate & Data. I have analyzed issues for 1988, 1981, 1973 and 1963 to try to determine what has happened in the industry as a whole and in various fields. Please realize that this does not represent all the activity, because there have been comings and goings in the intervening years. Do not try to read any significance into those particular years—I just happened to have the necessary data in usable form. There are inherent weaknesses in using SRDS, which are explained elsewhere, but the basic trends come through despite them.

I. Changing concepts

Those warnings out of the way, let's take a look at some concepts that emerged from my studies. But first, some definitions that will be useful as you read this analysis:

- *Title*: A given magazine, such as *Good Housekeeping* or *Life*.
- *Issue*: The number of different issues put out by all publishers. For example, *Time* has 52 issues per year.
- *Circulation*: The total circulation of one issue of a magazine.
- *Copies*: The total number of copies of all magazines that were circulated—or, the number of issues times circulation.

1. Advertising is not important in the magazine industry

The conventional way of viewing the consumer magazine industry is obtained by developing data on advertising pages and dollars per year, share of the media pie, etc. This is fine—and it is also very easy because all you

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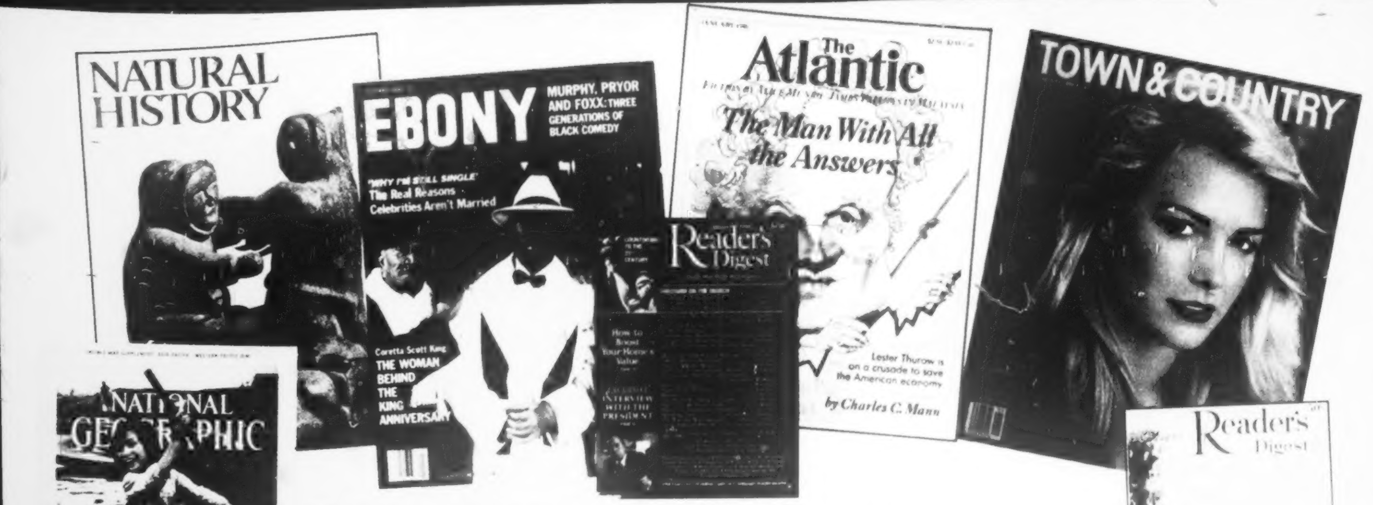

NATURAL HISTORY
EBONY
MURPHY, PRYOR AND FOXX: THREE GENERATIONS OF BLACK COMEDY
'WHY I'M STILL SINGLE' The Real Reasons Celebrities Aren't Married
Coretta Scott King THE WOMAN BEHIND THE KING ANNIVERSARY
The Atlantic
The Man With All the Answers
Lester Thurow is on a crusade to save the American economy
by Charles C. Mann
Reader's Digest
How to Boost Your Home's Value
TOWN & COUNTRY
NATIONAL GEOGRAPHIC
Reader's Digest

Have you kept up with changes in the consumer magazine industry?

1. Advertising is the most important aspect of a magazine. ☐ T ☐ F
2. Magazines are a growth industry. ☐ T ☐ F
3. General interest magazines are growing faster than special interest. ☐ T ☐ F
4. Men read more magazines than women. ☐ T ☐ F
5. Most magazines have a very short life cycle. ☐ T ☐ F
6. There is no magazine business. ☐ T ☐ F
7. Audited circulation is gaining in popularity. ☐ T ☐ F
8. Magazines published by not-for-profit organizations are a minor part of the field. ☐ T ☐ F
9. An increasing number of new magazines are being launched. ☐ T ☐ F
10. The most important factor in the success of a magazine is the ability of the publisher. ☐ T ☐ F

1. F, 2. T, 3. T, 4. T, 5. T, 6. T, 7. T, 8. F, 9. T, 10. F

YANKEE
THE SATURDAY EVENING POST
THE NEW YORKER

YANKEE
NATIONAL GEOGRAPHIC
Natural History

LIFE
GRIT
AMERICA'S FAMILY MAGAZINE
THE NEW YORKER
LIFE
SPECIAL ISSUE
POST
ESP
VANESSA REDGRAVE
AGATHA CHRISTIE Part two
A funny and fascinating look into the future...
MAKE IT LAST
The Washington Globe
Bobby Kennedy Sworn In
Atlantic
The Party in Power
Special Section on the Democrats

have to do is call Publishers Information Bureau (PIB), Magazine Publishers of America (MPA), *Ad Age*, etc. and ask about pages and dollars spent. And this information is certainly meaningful and useful.

I, however, come from that small (tiny) coterie of people who believe that if the public doesn't buy (and therefore presumably read) magazines, there won't be any advertising—or anything else for that matter.

2. General interest magazines are growing faster than special interest magazines

Sure there was a drop-off of general interest magazines after 1963 because of the death of *Life, Look* and *The Saturday Evening Post*. And certainly more special interest magazines now exist—about three times as many now as in 1963 (1,200 versus 400). But there are 50 percent more general interest titles (60 versus 40), more circulation today than in 1963 (136 million versus 115 million) and even more total copies distributed.

The general interest field exemplifies the ups and downs of the magazine industry. Of the 22 magazines listed in 1963, 10 are still here—*The Atlantic, Ebony, Grit, National Geographic, The New Yorker, Reader's Digest, Saturday Evening Post* (at a very reduced level), *Natural History, Yankee* and *Town & Country*. You may recall others that we used to know—*National Observer, New Times, Realities, Book Digest, Coronet, Quest*. Some 22 that were listed earlier no longer exist.

New ones building the general category since are *National Enquirer, Star, Smithsonian, Mother Earth News* and a number of others.

The average circulation per magazine has declined from 1.9 million to 1.2 million, and the average issues from 22.5 to 14.2.

The newspaper-distributed magazines, which are part of the general category, have also gone through major changes. The major players now are *Parade* and *USA Weekend*—with a few individual papers in addition. Back in 1963, many more papers listed their own Sunday magazines—including some old friends like *The New York Herald Tribune* and *The New York Mirror*.

3. Men read more magazines than women

It never used to be that way. In 1963 there was twice as much circulation for women (63 million) as for men (33 million), and about twice the number of copies (735 million versus 390 million). But all that has changed. There are now many more magazines aimed primarily at men (395 versus 155); four times the number of issues (5,000 versus 1,300); and more copies (1.4 billion versus 1.2 billion).

LIFE
THE YEAR 89
THE SATURDAY EVENING POST
LIFE
POST
ESP
VANESSA REDGRAVE
AGATHA CHRISTIE
A funny and fascinating look into the future
The Washington Globe
Bobby Kennedy Sworn In

***The general interest field exemplifies the ups and downs of the industry—witness the reincarnations of* Life *and* The Saturday Evening Post.**

Nonetheless, the women's magazines still have more circulation (106 million versus 89 million).

How did all this happen—and how could conventional wisdom have been so wrong?

I think it's because women have fewer, but larger, magazines—although they are becoming more fragmented as the women's movement breaks down some of the traditional interests. (More of that later.) Men's magazines are in a number of different fields—and the recent large growth in Fishing & Hunting and Sports magazines has multiplied the number of magazines as well as every other factor.

4. The industry is growing rapidly, but is in a constant state of ferment

Just because there has been overall growth of 15 million in circulation and 400 million in total copies in each of the last few years, don't get the idea that the magazine field is running along smoothly like a well-oiled Mazda. Sure there is a base of profitable magazines that seems to go on forever: Of the 540 magazines with over 100,000 circulation listed in 1988, 165 were started before 1950—and 37 before 1900. But of the 1,275 magazines listed in 1988, only 575 had been listed in any of the three preceding periods I examined. I counted 785 that are gone now. And if you were to add the comings and goings of magazines in the in-between years, the death toll would be even higher.

I looked at each of the last eight years of SRDS and found that a total of 1,200 new magazines were listed in the categories I included, but only 350 are still here. This means that some 150 new magazines are listed each year and about 100 are deleted. The net gain is 50, but the churn is enormous. Why?

The answer has to do with the fact that magazines exist because people have interests, that those interests change, and that every magazine has a life cycle. And it points out, once again, that any publisher has to be constantly starting new properties just to remain where he is. Some of you are probably wondering if the major publishers with their stables of many titles are just as vulnerable as anyone else to the collapse of some of their fields. You bet!

5. There is no magazine business

Every magazine is in a different business. Every magazine appeals to different readers and different advertisers. If you hadn't noticed, *Ms.* is quite different from *Playboy*—and neither is very much like *Quilter's World* or *Hot Rod*.

These differences account for some of the changes in the nature of the "average" magazine. In 1963, the "average" magazine published 16.6 issues. That figure has gradually dropped until it was 12.2 in 1988. Publishers have realized that neither the calendar nor great frequency are necessarily important for readers. In fact, some have found that readers really have very little knowledge of the frequency of most magazines. If you were getting more than 125 copies a year, would you?

While there has been growth in the total number of magazines, the greatest growth has taken place in the smaller circulation magazines. In 1963, the average circulation was 612,000. It declined to 422,000 in 1988. Most of this is attributable to the large number of new, special interest magazines. As would be expected given the smaller average circulation and fewer issues, the average copies per magazine also declined to nine million from about double that.

Interestingly, while there certainly have been a greater number of new titles among the small special interest magazines, there has been good growth at every level of circulation, as follows:

	Number of magazines	
Circulation	1988	1963
Up to 100,000	661	215
100,000-499,999	414	142
500,000-1,000,000	100	38
Over 1,000,000	100	50

6. More magazines have audited circulations

A trend toward an increased number of magazines with audited circulations is evident.

	Magazines audited	
	1988	1963
ABC	482	190
BPA	85	8
VAC	8	2
Total audited	**575**	**200**
Sworn	553	223
Guaranteed, distributed or printed	147	3
Total	**1,275**	**426**

The words used for some types of circulation have not been the same in each period. Today "guaranteed" usually refers to magazines that have either just gone into business, or are about to. "Distributed" refers to some controlled circulation publications. "Printed" covers special interest publications that are adjuncts to some of the major magazines, and are sold only on the newsstand. And whenever a publisher uses the word "Sworn," we all wonder how much he is lying—but, of course, association and medical magazines are not suspect.

As you would expect, the incidence of being audited increased with the amount of circulation, but more and more smaller magazines are also being audited. The figures above and below 100,000 circulation are as follows:

Circulation	1988	1963
Less than 100,000		
Audited	190	41
Sworn	372	174
Other	99	n/a
Total	**661**	**215**
Over 100,000		
Audited	385	159
Sworn	181	49
Other	48	3
Total	**614**	**211**

In 1988, only 27 of the 200 magazines with over 500,000 circulation were not audited.

7. Not-for-profit magazines increase

It is not always possible to be sure which magazines are published by not-for-profit organizations. My best estimate is that in 1988, there were 148 not-for-profit magazines; in 1963, there were 100. Some of these magazines are among the largest: the two AARP publications, *National Geographic*, the Civic and Fraternal magazines, *Ducks Unlimited, Smithsonian, Reader's Digest*, some religious magazines, some AAA publications, CTW Magazines, *Boys' Life* and *Scouting*.

The total circulation in 1988 of the not-for-profits was 78 million, close to 15 percent of the total for all consumer magazines.

8. There are more and and more new magazines

Because the figures do not cover every year, they are not precise—but they do give an indication of the increased activity in new magazine start-ups. For each of the four years studied, the number of magazines started during the 10-year period before the date was as follows: In the 10-year period prior to 1988, 494 magazines were started; in the 10 years prior to 1981, 418 magazines were started; for the 1974 period, 239 magazines were started; and for the 1963 period, 113 magazines were started.

Again, these numbers give only an indication. At some point in the future, I plan to make a more exact study.

9. The field served takes center stage

I said before that magazines exist because readers have interests. But it isn't until you study a magazine's history over a number of years that you realize that the field served is the most important factor in a magazine's success. If you can find a field that is about to take off, you can put out a perfectly terrible magazine and still make money. If you don't believe me, consider some of the computer magazines in the early eighties.

By the same token you can put out wonderful magazines in a field where no one wants them—and there will be no way to be profitable. Consider *Science 85, Science Digest, Discover*, etc., which hitched their stars to what has apparently turned out to be the nonexistent general science field.

But even within a field, changes can take place that will kill a magazine. Consider the women's field in the past few years. Or the present-

PC·HANDS ON
WIZMO!
COMPUTER BUYER'S GUIDE
PORTABLE COMPUTER
NEW for the '90s
PERSONAL COMPUTING
MacUser
101 Hard Disks

***Major new fields have sprung up**. In addition to the computer magazine explosion, other burgeoning areas include titles for senior citizens and city and regional magazines.*

day photography field. If you don't read the signs that tell of a changing field, a successful magazine can very quickly become a disaster.

Review the various fields in which magazines have been published, and you can track the history of the country and its trends as well as any sociologist—and maybe even better and quicker.

II. Changing fields

Having perused these truisms of magazine publishing today, we can take a look at the following data about various publishing fields with a more educated eye.

1. Some major new fields have developed

No surprise here. We all know that magazines in the Senior Citizen, Computer and Metropolitan/regional/state fields have only recently come into being. In 1963, there just weren't any magazines for senior citizens—in 1988, there were 17. Circulation is over 38 million—primarily because of the two AARP magazines, which have over 15 million each. There are also a number of new magazines in the senior citizen area, but the jury is still out about whether us old folks want our own magazines.

The computer field, of course, has exploded since the early 1980s. In 1988, some 42 magazines were listed with a total circulation of some 4.5 million. The comings and goings in this field have been legion. Of the magazines listed, 40 of them appeared first in 1988. Most of the magazines now are system specific. The larger ones include *Byte, PC, PC World, Personal Computing,* and *Family & Home Office Computer.*

If you have the feeling that a lot of city magazines have been launched, you are right—some 129 were listed in 1988. I think it was after *New York* started in 1968 that the trend got going. There had been a handful before that—*Atlanta, Chicago, San Diego,* etc.—but they weren't listed in SRDS. But all is not gravy in this area. The small universe for circulation makes it difficult for any of them to make good profits.

The increase in regionals in all categories accounts for a quarter of the increase in titles of all kinds.

2. Some fields have shown very rapid growth

These include Home Service, Epicurean, Fashion, Fishing & Hunting, Sports, Music, Travel, Fitness & Health, Art & Antiques, Crafts, Hobbies & Games, Business, Airline Inflight and TV & Radio. Let's take a look at each.

- *Home service*: This has been a very active area. There are now 83 magazines compared to just nine in 1963. Circulation has increased from 13 million to 40 million.

In 1963, there were just a handful of major magazines—*Better Homes and Gardens, American Home, House & Garden, Sunset, House Beautiful* and a few others. Later they were joined by *Southern Living, Architectural Digest, Metropolitan Home* (nee *Apartment Life*), and a host of others.

A number of regional home and garden magazines have been tried—not all successfully. It appears that their success depends on the strength or weakness of the city magazine in the area.

Some of the major magazines have stepped up the frequency of their special interest publications (*Better Homes and Gardens' Traditional Home* and others) so that they qualify for this list (quarterly or more frequency). Consequently, both the average number of issues and circulation per title have been declining.

- *Epicurean*: Once the sole domain of *Gourmet*, this field now has 15 entries. A number of others have attacked the field, but just a handful have lasted any length of time. These include *Bon Appetit, Food & Wine* and *Weight Watchers.*

- *Fashion*: In 1963 there were three magazines in this field with a total circulation of 1.5 million. The field began to grow around 1980 and was dominated by *Vogue, Glamour, Mademoiselle* and *Harper's Bazaar* until *Elle* appeared. Circulation now totals about seven million, and other new entries are being planned.

- *Fishing & Hunting*: In 1963, there were some 21 magazines with five million circulation. In 1988, 67 magazines were listed—with a combined circulation of 17 million. A number of these magazines have regional editions, but are included only once in my figures.

The major magazines, with over a million circulation, were all started in the last century. They include *Field & Stream, Outdoor Life* and the National Rifle Association magazines. Other notables now are *Bassmaster, Ducks Unlimited, Guns & Ammo* and *Sports Afield* (which also was started in the 1890s and had over a million circulation, but consciously reduced that several years ago).

The many other magazines are geographically oriented or devoted to specific animals.

- *Sports*: This is one of the fastest growing areas in terms of number of magazines, having increased from 34 titles with two million circulation in 1963, to 100 with 24 million in 1988.

However, it is also one of the most treacherous for publishers—perhaps because people want to be involved in, but not read about, sports. Seventy-one titles are now gone. The most popular areas for start-ups have been bicycling, with 16; golf, with 19; tennis, with 10; and skiing, with 12. But the total of the older magazines that are still around in these four areas is 11, while 11 titles have passed away.

There are only a handful of major magazines—*Golf Digest, Golf, Sport, Tennis, World Tennis, Ski, Skiing, Runners World*. But, of course, *Sports Illustrated* and *Sporting News* are listed under the Newsweeklies.

Again, from a sociological standpoint, if you want a list of all the sports that ever existed, just take a look at these four periods: There are 35 different sports, including gliding, disc sports and rafting.

• *Music*: This is another field where there have been many entries. Starting in 1963 with 15 titles and one million circulation, the category had 41 titles with six million circulation by 1988. Some 24 titles have gone.

Rolling Stone, with over a million circulation, is the outstanding magazine here. There are a number with a few hundred thousand circulation—*Stereo Review, Country Music, Rockbill* and *Sheet Music*. *High Fidelity*, one of the original powers, recently closed down.

• *Travel*: This is another category that has been growing rapidly. It now has 59 listings with a circulation of 30 million, compared to 22 titles and a circulation of 4.5 million in 1963.

It is also a field of big numbers: Eight magazines have over a million circulation, and 13 have between 500,000 and a million. A great many of the magazines are connected with automobile associations, hotel chains and oil or other companies. But there are also *Travel & Leisure, Travel/Holiday, Endless Vacations, National Geographic Traveler* and *Conde Nast Traveler* with good circulations. The field was depressed during the 1981 period because of the oil embargo.

• *Fitness and Health*: It should be no surprise that this has been a real growth area—particularly in recent years. There were nine magazines in 1963 with just 600,000 in circulation. Today there are 26 magazines with 10 million in circulation.

Prevention, Health and *American Health* led the parade with more than a million circulation each, but there are also *Muscle & Fitness* and *Walking* at somewhat less.

A new phenomenon involves magazines devoted to specific diseases, such as cancer and arthritis. The future success of these is not yet known.

• *Art & Antiques*: This is a field of small circulation magazines—only four have more than 100,000 circulation. Most magazines are offered for specific areas of the field. There were seven magazines in 1963, with a total circulation of just 200,000; in 1988, it was 23 titles and 1.4 million circulation.

• *Crafts, Hobbies and Games*: Here there are lots of little magazines covering every conceivable type of craft and hobby—including *Tropical Fish, Teddy Bear & Friends* and *Live Steam*, plus a few with several hundred thousand circulation such as *Games, Crafts Magazine, Crafts 'n Things* and *Fine Woodworking*. The field has grown from 13 magazines with 800,000 circulation in 1963 to 61 magazines and six million circulation in 1988.

• *Business*: This field grew from 17 magazines with 1.8 million circulation in 1963 to 33 titles and 8.2 million circulation in 1988. The field was dominated for many years by *Business Week, Fortune, Forbes* and *Nation's Business*. In recent years these titles have been joined by *Inc., Venture, Savvy, Black Enterprise, Entrepreneur* and some others. The average circulation has been declining as new, smaller magazines have entered the field.

"If you don't read the signs that tell of a changing field, a successful title can become a disaster."

[redacted]

• *Airline Inflight and Railroad Onboard*: There were just 11 magazines with 1.4 million in circulation in 1963—and, believe it or not—10 were for railroads and just one for an airline, Pan Am. Recently, of course, there has only been *Amtrak*. In 1988 there were 30 magazines with 4.1 million in circulation.

These magazines are dependent on which airlines are in business; the recent spate of mergers has forced many changes in titles.

• *TV & Radio*: In 1963 there were just three magazines with 1.2 million circulation. This field was primarily concerned with ham radio and other hobby activities until the VCR age arrived. Now there are 24 magazines with four million circulation covering these areas as well as other home entertainment fields.

The largest magazine is *Take One*, which is sent controlled to almost a million people. There also are *Satellite Orbit* and *Satellite TV Week* covering the satellite area at about 400,000 circulation, and *Video, Home Video Review* and *Video Review* at about the same circulation. The venerable *Radio Electronics* has over 200,000 circulation.

3. Some fields have been growing slowly

There are four categories here—News, Brides, Boating and Science.

• *News*: This category contains some magazines that you might not think of as news, such as *TV Guide, Sports Illustrated, Sporting News, New York* and the *Village Voice*. These magazines want to be listed in this category because it's what the big advertisers look at.

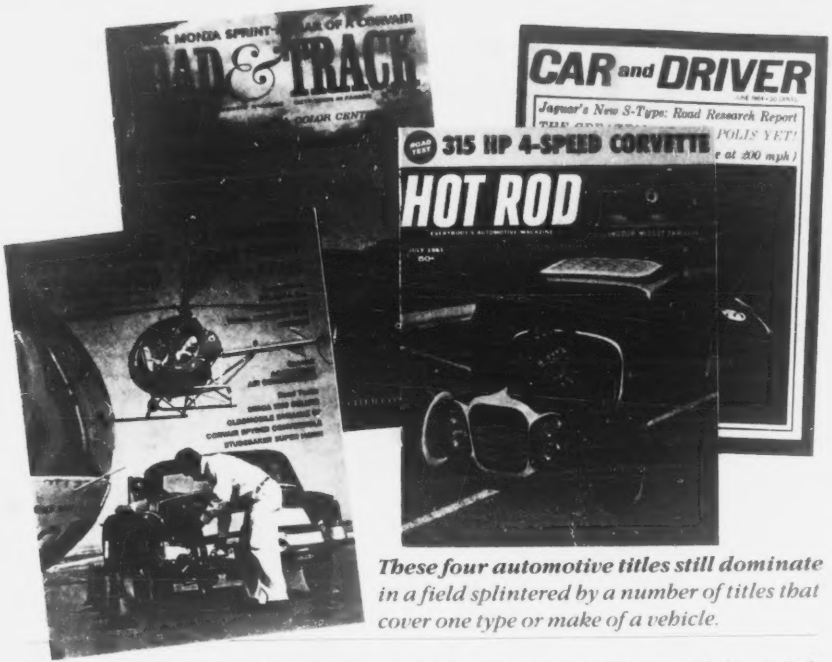
There were eight magazines in 1963 with 15.5 million circulation. A big jump came about in 1973 because of large circulation increases for *TV Guide*, and the total circulation increased to 34 million.

The category has been quite stable since then with just 13 magazines in 1988 and 38 million circulation. It is, of course, dominated by some very large circulation magazines. In addition to *TV Guide*, there are *Time, Newsweek, U.S. News, People* and *Sports Illustrated*. *People* and *Us*, started in the seventies, were the last major ones.

• *Brides*: This is a small but lucrative field. There were four magazines in both 1963 and 1988, with circulation almost doubling to 900,000. The market has been left to *Bride's* and *Modern Bride*—but you should see their advertising figures.

• *Boating*: There has been an increase in this category in both magazines and circulation since 1963—from nine and 600,000 to 37 and 2.5 million. This is a relatively stable field with only 14 magazines no longer published.

Despite the huge size of the



These four automotive titles still dominate in a field splintered by a number of titles that cover one type or make of a vehicle.

boating population, the magazines have always had relatively small circulations. None has more than 200,000, and only a handful have over 100,000. There are a number of regionals, and of course there is the division between power and sail boats.

Yachting and *Motor Boating & Sailing* are the venerable titles started early in the century. They have been joined by *Boating, Boating Digest, Cruising World, Sail, Southern Boating, Soundings, Wooden Boat* and, most recently, the controlled circulation *Power & Motoryacht*.

- *Science*: Magazines about science and allied subjects have variously been carried in categories called Mechanical & Science, Nature & Ecology, Astronomy and Science/Technology. I have merged them all here.

In 1963 there were just 11 magazines with a total of 4.6 million in circulation. By 1988, there were 23 magazines with more than 10 million circulation

While the science field as a whole has grown, it consists of magazines that are addressed to specific areas, plus the three old titles—*Science, Popular Mechanics* and *Home Mechanics (Mechanix Illustrated)*, all with more than a million circulation. The periods I used do not show the bulge when *Science 85, Discover* and *Science Digest* were all fighting it out for circulation as general science magazines. All that is left now is *Discover* at about a million. *Scientific American* and *Omni* also have strong circulations.

4. A field that is changing, but not growing

Which field this is should surprise no one. There are more magazines in the Women's field in 1988 than ever before—57 compared to just 17 in 1963. But the peak circulation, 59 million, was in 1973—with 27 magazines. In 1988, circulation was 57 million with many more titles.

We all know about the changes in this category caused by the women's movement, but the explosion in the number of titles is startling. First there was a big increase in total circulation, then a leveling out indicating that the new magazines were taking readers from the older ones. A number of the older magazines have reduced their circulations to maintain their profit margins. The average number of issues and the average circulation have also been declining.

Some titles have come and gone—*American Girl, Girl Talk, Pageant* and *Ingenue*. And, of course, there has been a rash of new ones including *Essence, Lady's Circle, Ms., New Woman, Playgirl, Working Mother, Self, Soap Opera Digest, W., Working Woman, Taxi* and *Victoria*. *Mirabella, First for Women, Lear's* and *Woman's World* joined the category more recently.

5. Fields that grew for a time, but are now declining

Included here are Babies, Automotive and Motorcycle, Horses and Photography.

- *Babies*: From eight magazines and four million circulation in 1963, this field grew to a circulation of seven million in 1973. By 1988, it had dropped back to six magazines and four million circulation.
- *Automotive and Motorcycle*: This field has come a long way since Bob Petersen launched *Hot Rod* in 1953. In 1963 there were 21 magazines with 3.4 million circulation. This grew to 52 magazines with 7.7 million circulation in 1973, but declined in 1981—probably because of the oil embargo. The number of magazines is now 53 and the circulation is 9.9 million.

The major magazines are still operated by Petersen's organization and Diamandis. *Motor Trend, Hot Rod, Road & Track* and *Car and Driver* are the largest in the automotive area and *Cycle, Cycle World, Easyrider* and *Motorcyclist* dominate in the motorcycle area. The field is splintered by a number of magazines that relate to only one type or make of vehicle.

- *Horses*: The field jumped from 11 titles and 300,000 circulation to 24 titles with 1.3 million circulation. There have been more magazines since, but no more circulation.

There are no major magazines here, although a few have circulations over 100,000. Most are devoted to specific breeds of horse or other specific interests.

- *Photography*: This field grew from four magazines with 900,000 circulation in 1963 to 10 magazines with 2.5 million circulation in 1981. Since then the field has declined, primarily because of the development of virtually foolproof automatic cameras and darkroom equipment. In 1988 there were still 10 magazines with 2.3 million circulation, but the recent demise of *Modern Photography* reduced that considerably. There are now just three major magazines, *Popular Photography, Photographic* and *American Photographer*.

6. Some fields have been flat

There are a number of fields that have relatively few titles, low circulation, and little opportunity for further growth. Profits are generally hard to obtain. These include gardening, Trailers & RVs, Dressmaking, Aviation, Dogs and Pets and Political.

- *Gardening*: Starting with just eight titles and 1.7 million circulation in 1963, this field went to 10 titles with 2.3 million circulation in 1988. This has never been a very exciting field, primarily because of different growing conditions and different advertisers in various parts of the country. Profits are difficult to maintain. Just four of the older magazines still exist—*Horticulture, American Rose, Flower & Garden* and *Organic Gardening*—and I wouldn't dare ask how they are doing.

- *Trailers & RVs*: This field had barely started in 1963 with just two magazines. It grew rapidly until 1973, when there were nine magazines with 1.1 million circulation. The oil embargo caused several leaders, like *Woodall's Trailer Travel*, to drop out. The field is now dominated by TL Enterprises with its Good Sam's *Hi-Way Herald* and *Trailer Life*.

- *Dressmaking*: Starting with just one title in 1963, this field grew to have circulation of 2.1 million in 1981. Since, it has declined to 1.5 million. Only *Vogue Patterns* and *McCall's Carefree Fashions* have lasted.

- *Aviation*: This field grew rapidly from 1963 to 1973—from four to 11 magazines, and from 500,000 to 1.3 million circulation. Since then it has been flat and now has 14 titles with even lower circulation.

Except for *Flying* and *AOPA Pilot*, both of which were launched in that famous year in aviation, 1927, the magazines are small, serving specific interests or geographic areas. The decline of general aviation has affected the category.

- *Dogs and Pets*: There have been about 10 magazines during all the periods studied—but not the same ones. Eight have passed away. Circulation has grown from 400,000 to 800,000. Cats are the favorites, with dogs and birds second.

- *Political*: There were 10 titles in 1963 and 18 now. Circulation has increased from 900,000 to 1.3 million, with the major growth taking place before 1981. This is a difficult field for publishers—circulations are low, and most of the products are subsidized.

7. Some fields have declined

Included here are the following: Men, Youth & Children, Romance & Fan, Religious and Civic & Fraternal.

- *Men*: Although the total number of magazines in all the various categories catering to men has increased greatly, those appealing in a general way have suffered a major decline. From 32 titles with 15 million circulation in 1963 there has been a decline to 14 titles and just 9.6 million circulation in 1988. Fully 28 have failed during the period.

The nature of the magazines has changed too. The days of *Dude, Gent, Argosy, Saga*, the legendary *Police Gazette* (which doesn't seem very exciting now) and the others were replaced by *Playboy, Penthouse* and their ilk. We are now seeing a few serious titles such as *Fathers, Men's Health, M* and *Gung-Ho* (if that is serious).

- *Youth and Children*: The difficulty of reaching kids has always been apparent. There were 17 magazines with 11.6 million circulation in 1963. Today there are 34 titles with just 9.2 million circulation. Twenty-nine magazines have passed away.

The only real magazines left from 1963 are *Boys' Life*, the *Scholastic* papers, and the *Jack & Jill, Humpty Dumpty* group. *Sesame Street* and *1,2,3 Contact* are the only major ones added.

The nature of the magazines has changed too. There used to be *Catholic Miss* and *Youth for Christ*. Today we have *Teen Beat, Splice* and *High School Sports*. But who knows if they will last?

- *Romance & Fan*: This is an interesting category. Back in 1963 there were just 11 magazines with 6.3 million circulation. By 1973 the category had exploded to 24 titles with 13.4 million circulation. And we are now down to just eight magazines with only 3.4 million circulation. The category seems close to expiring. There were no new magazines listed in 1988, and I am not sure exactly what still exists. I suppose you could argue that *People, Us, Star*, etc., have replaced these, but I don't think they are really the same thing.

- *Religious*: Although the number of titles has not decreased too much here—from 34 to 26 titles—to a great extent they are different ones. Some 33 magazines have gone. Total circulation, which was 13.4 million in 1963, is down to 6.2 million. This drop, of course, reflects the decline in the old-line organized religions that took place during this period.

- *Civic & Fraternal*: In this category, the number of titles has declined from 31 to 21, and the total circulation is down from 11.3 million to 11.1 million. This reflects the gradual erosion of membership in these organizations—but there are still five titles with over a million circulation.☐

Using Standard Rate & Data Service

Anyone who has worked with SRDS as a statistical tool (rather than what it is designed for, to help advertisers and agencies) is aware of its limitations and some of the difficulties. To point out a few:

Magazines that do not take advertising, or are dependent only to a limited extent on advertising, are not listed. *Highlights for Children* and *Country Woman*, among others, are not included. A number of primarily newsstand-sold magazines are also omitted.

In some cases, it takes some time for a magazine to meet the requirements of SRDS, or the magazine may not know it exists. For this reason a number of relatively new magazines may not be listed.

Some magazines are not faithful about sending in their circulation material and are de-listed, even though they may still exist.

Magazines are sometimes changed from one interest category to another as time goes on. Often this is because of a change in the magazine. In other cases it seems somewhat arbitrary. You get the feeling, too, that there are certain categories where magazines think they will get better advertising acceptance—*Sports Illustrated* and *Sporting News* under Newsweeklies rather than Sports, for example. A few categories seem to have no real reason to exist—Snowmobiling, for instance. I have taken liberties in moving some titles around to where I think they belong.

C 4325-1

Folio:

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APRIL 1990 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50

Forbes

Life without father

The publishing world will soon find out what life is like without Malcolm Forbes following the flamboyant executive's sudden death. All eyes now turn to Malcolm Jr. (Steve) as he rises to editor in chief of *Forbes*. By all accounts, he is well prepared for the succession. But can he—indeed, should he—bring the same sizzle to the business that his father did? 29

Flight to quality

Many publishers are forgoing premiums, sweepstakes and super-duper discounts to lure readers who'll really pay for the magazines. Some advertisers applaud the quest for a more select group of readers—but others wonder if magazines are delivering all the circulation they could. 29

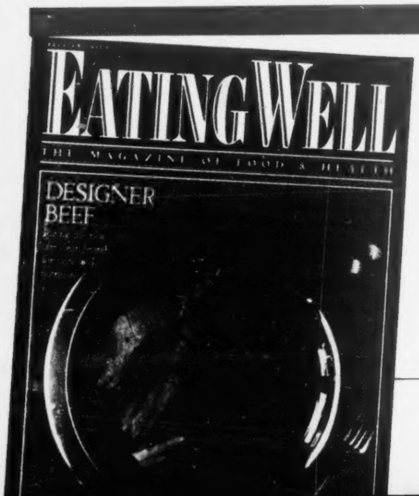
Weighing your paper choices

Publishers are taking another look at paper, and making changes. The reasons vary—but all, finally, come down to good business sense: What do advertisers require? What are readers comfortable with? And, finally, what can your budget swing? 120

PAUL MCGUIRK

Gift subs: Presents that pay

If you do it right, you can make gift subs a vital part of your business—one that keeps on generating profits year after year after year. Donors pay up readily, renew easily, and are almost impervious to price increases. 102



EATING WELL

THE MAGAZINE OF FOOD & HEALTH

DESIGNER BEEF

Appealing to new tastes

The folks who brought us *Harrowsmith* believe that we need a magazine that goes beyond get-slim-quick diets and oat bran binges. Can *Eating Well* make it in a market inundated with epicurean and health titles? 63

unfold ➤

April 1990

Building muscles and magazines 55

PAULA CRANE

Joe Weider, publisher and body-builder, has *Moxie*. Will his new title, a digression from his usual body-building fare, make it with older women?

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Private delivery gears up 31

Not just Time Warner's Private Express, but other alternate carriers are improving service to lure publishers.

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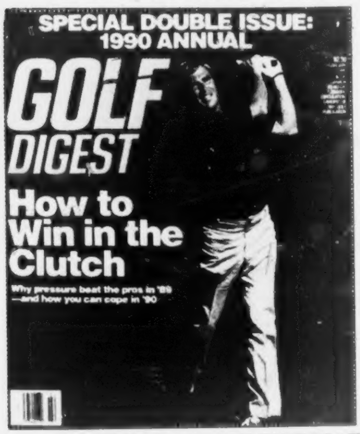

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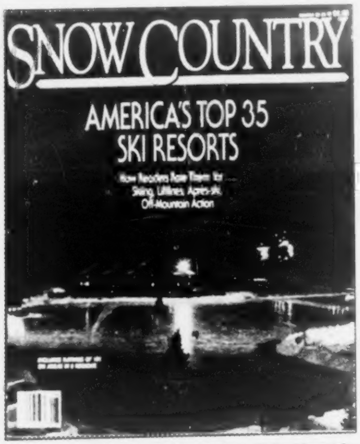
- 69% Men/31% Women
- 37 Average Age



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Vol. 19 No. 4

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circulation, some contend that cutting the rate base can be equally beneficial.

For example, *Time* uses a computer model of its average subscriber to pick out which circulation it will eliminate, says Gitow. Based on that model, subscribers are cut by the amount of money it cost *Time* to acquire them. The newsweekly also decides whether the demographic profile is unattractive to advertisers.

Two years ago, *Time* decided that carrying a circulation of 4.6 million was costing it more money than it could ever bring in through ad revenue so it cut the rate base twice, to 4 million.

"If we had kept the extra subscribers," says Gitow, "the money it costs to maintain them wouldn't have come from our circulation department. It would have come in the form of higher advertising rates."

Time has held ad rates flat for nearly three years, and that has made agencies like Young & Rubicam (Y&R) happy. "Clearly, the magazine could get to a point where it becomes incredibly expensive, from an out-of-pocket perspective, if they kept building circulation," according to Frank Smith, director of print media for Y&R.

Answering to advertisers

Family Circle's rate base cut came at a time when the magazine had to answer to advertisers. It dropped the rate base from over 7 million in the mid 1980s to the current 5.5 million, and will drop to 5.25 million later this year.

The title had to overcome competitors' charges of weakness when it decided to deliver less circulation. "Oftentimes, dropping circulation turns out to be a problem," says Rick LePere, a publishing management consultant. "It shouldn't be, but it turns out that way."

While the publication admits it hasn't met the rate base consistently, it blames the problem on circulation strategy. Formerly predominantly sold at check-out counters, it has been in the process of emphasizing subscriptions.

"Our problem isn't that we can't sell a lot of copies in the check-out area," says Lawrence Freeman, vice president and director of circulation. "The problem is that we will average rate base at the check-out. Advertisers don't like it that way. They want a more stable environment." Single-copy sales fluctuated by over 900,000 copies for certain issues in the first half of last year, and the magazine missed the rate base four times.

KERRY GAVIN

By sweeping aside premiums and gimmicks, the titles upped quality and improved costs.

Woman's Day, another large-check-out title, also had difficulty meeting its rate base and recently announced a cut from 5.3 million to 4.85 million. "It's much more achievable and realistic," says publisher Robert Mate. "Most advertisers have responded positively."

Running a better business

Murdoch Magazines' *TV Guide* adopted a similar strategy. Shortly after it was acquired in the fall of 1988, it dropped its rate base from well over 16 million to 15.8 million.

"We find we have a better business now," says Joe Cece, president. The magazine had asked itself, "At what point is the latter half of a circulation not worth the cost of maintaining it?"

Still, many advertisers aren't overly worried by magazine circulation strategy shifts—"as long as they announce a guaranteed circulation and maintain it," says John Doman, executive vice president of TBWA Advertising.☐

Single-copy sales slump continues

■ NEW YORK CITY—Some of the best-selling single-copy titles took a beating in the second half of 1989. According to the latest Fas-Fax report from the Audit Bureau of Circulations (ABC), all but one of the top 10 newsstand sellers lost sales.

Declines ranged from *TV Guide*'s slip of 3.3 percent to *Woman's Day*'s plunge of 15.8 percent. With a 10.4 percent sales jump, *Woman's World* was the only top 10 title to gain ground at the newsstand.

"This may have been one of the most discouraging halves ever," laments Dan Capell, a circulation analyst and publisher of *Capell's Circulation Report*.

At the check-out, the Seven Sisters all felt the sting of *First for Women*'s aggressive single-copy strategy. Big losers included *McCall's* and *Woman's Day*, down 21.3 percent and 15.8 percent, respectively.

Total sales still growing

However, the figures may not be as dismal as they sound. "The women's service pie isn't shrinking," says David Lee, senior vice president of circulation for Magazine Publishers of America. "It's just being sliced differently."

Indeed, unit sales in the category have grown. In the last half of 1988, the Seven Sisters and *Woman's World* totaled nearly 16.1 million single-copy sales. Second-half sales for 1989, which include those of *First for Women*, numbered 17.9 million copies, a gain of 1.8 million.☐

Top newsstand titles

Second half 1989

Publication	% change from 2nd half 1988
TV Guide	–3.3
Woman's Day	–15.8
Family Circle	–12.3
National Enquirer	–4.4
First for Women	*
Cosmopolitan	–5.9
People	–6.4
Woman's World	+10.4
Penthouse	–18.7
Good Housekeeping	–6.4

Source: Audit Bureau of Circulations
* Initial audit was in June 1989

Only Woman's World *posted gains among the 10 newsstand titles.*

Harris V25 press, providing the capacity to produce formats from broad sheets to 2-up digests. Humboldt National Graphics operates three plants in Maine and Massachusetts, providing sheetfed, heatset and cold web printing.

The National Association of Printers and Lithographers (NAPL) recently recognized 23 printing organizations for their superior management performance in 1989. As part of the awards program, cosponsored by *American Printer* and Didde Web Press, permanent membership in the Hall of Fame was awarded to Suttle Press, Inc., of Waunakee, Wisconsin. Six companies received Management Plus Gold Awards: The Printing Company, Indianapolis, Indiana; Service Printers/Express Press, Fargo, North Dakota; K/P Graphics, Oakland, California; Superior Colour Graphics, Kalamazoo, Michigan; AT&T Customer Information Center, Indianapolis, Indiana; and Impression Northwest, Seattle, Washington.

A new division has been added to **3M's Imaging Systems Group**. Called the Image Reprographic Systems Division, the new entity will focus on offset printing and imagesetting markets.

Supplier People

Joseph A. Nicholls has been appointed vice president of research and development for **Atex Publishing Systems**.

Business Publications Audit of Circulation, Inc., has appointed Glenn Hansen senior vice president of auditing; John D. Kalomiris manager of the midwestern region and Douglas J. Haling marketing services supervisor. In addition, Glen Giles has been named manager and David Irwin has become marketing services supervisor, both in BPA's western region.

The International Prepress Association has reelected the following officers: president, Howard Batten, Batten Graphics; first vice president, William Weismann, Master Eagle Graphic Services; second vice president, Leon Calvert, Graphics Universal; and secretary/treasurer, Robert Swan, Swan Engraving Company.

Dimensional Visions Group, Ltd., has appointed Peter W. Barnes to the position of president and chief operating officer.☐

1989 magazine launches and mergers and acquisitions

FOLIO:'s roundup of 1989 magazine start-ups and mergers and acquisitions was featured in the January and February issues. The listing that follows includes magazine data unavailable for our original articles.

New magazines

Magazine title	Company name	City/state	Audience	Circ. (000)	Type of circ.	Start-up month
Business						
Aircraft Technican	Johnson Hill Press Inc.	Fort Atkinson, WI	General aviation maintenance professionals	25	Np	Sept.
Expo	The Sanford Organization, Inc.	Kansas City, MO	Managers of trade shows and public expositions	7	Np	Nov.
Professional Boatbuilder	WoodenBoat Publications	Brooklin, ME	Executives and managers involved in boat manufacture, repair, design and display	15	Np	Sept.
The APA Magazine	Advertising Photographers of America	New York, NY	APA members	7	Np	Nov.
Consumer						
Adoption	Ulick Publishing Co.	Bartlett, IL	People interested in adopting children	50	P	Nov.
Auction Weekly	South Atlantic Communications	Durham, NC	Auctiongoers and licensed auctioneers	60	P & Np	Nov.
Blushing Bride	Baker-Brown Enterprise, Inc.	Springfield Gardens, NY	Minority women planning a wedding	10	P	Oct.
Canoe and Kayak Racing News	Canoe America Associates	Kirkland, WA	Canoe and kayak racers	12	P & Np	Oct.
Connect	The Crosby Vandenburgh Group	Boston, MA	Teachers and principals at junior and senior high schools	30	P	Oct.
Florida Thoroughbred	Thoroughbred Publications, Inc.	Lexington, KY	Thoroughbred owners and breeders in Florida, Alabama, Georgia, Mississippi and the Carolinas	7	Np	Sept.
Houston Press	Morgan/Hearne Media, Inc.	Houston, TX	Upscale residents of Houston	50	Np	Nov.

(CONTINUED)

UPDATE

Magazine title	Company name	City/state	Audience	Circ. (000)	Type of circ.	Start-up month
Iowa City	Iowa City Magazine Publishing	Iowa City, IA	Residents of eastern Iowa	30	P & Np	Sept.
MetroNorth	MetroNorth Publishing Inc.	Arlington, MA	Affluent residents in 17 communities north of Boston	15	P & Np	Sept.
New York Style & Design	Manso Communications	Union City, NJ	Upscale New Yorkers ages 25 to 45 with income of $90,000 or more	25	P & Np	Oct.
Paint Check	CB Publications, Inc.	Ossining, NY	Paintball enthusiasts	100	P	Nov.
Pleasure Quest	Health & Wealth Guardian Ltd.	Mesa, AZ	Romantic couples	25	P	Dec.
Prima Ballerina	Prima Publishing Group	Norcross, GA	Young dancers ages 6 to 14	50	Np	Oct.
Salt Lake City	Utah Partners Publishing	Salt Lake City, UT	Area residents	18	P	Nov.
Sports Illustrated for Kids	Time Inc. Magazine Co.	New York, NY	Children ages 6 to 12	600	P & Np	Jan.
Washingtonview	Viewcomm, Inc.	Washington, DC	Upscale black consumers	30	P & Np	Sept.

Mergers and acquisitions

Acquiring company	City/state	Magazine	Circ. (000)	Type of circ.	Seller	Price in millions (est.)
Third quarter						
Ehlert Publishing Group, Inc.	Minneapolis, MN	*National Athletic Director*	30	Np	Mans Corp.	($3)
Excerpta Medica	Princeton, NJ	*The Female Patient*	97	Np	Physicians World Communications, International	($12)*
		Physician Assistant	22	Np		
		"Convention Reporter" (newsletter)	N/A	N/A		
Faulkner & Gray, Inc.	New York, NY	*Banker's Middle Market NL*	N/A	N/A	Bank Administration Institute	N/A
		Healthcare Information Center	N/A	N/A	McGraw-Hill, Inc.	($2)
Intertec Publishing Corp.	Overland Park, KS	*Electrical Construction & Maintenance*	101	P & Np	McGraw-Hill, Inc.	($3.7)*
		Electrical Wholesaling	20	P & Np		
The Irving-Cloud Publishing Company	Lincolnwood, IL	*Aviation Mechanics Journal*	32	Np	International Aviation Publishers, Inc.	N/A
Fourth quarter						
Capital Cities/ABC, Inc.	New York, NY	*Farm Futures*	200	P	AgriData Resources Inc.	($8)
Cowles Magazines	Harrisburg, PA	*Performance Horseman*	27	P	Gum Tree Store Press, Inc.	N/A
		Practical Horseman	57	P		
Lighthouse Communications, Inc.	Natick, MA	*Successful Magazine Publishing*	12	P	Randall Publishing Co.	N/A
M. Shanken Communications	New York, NY	*Food Arts*	50	P & Np	Ariane and Michael Batterberry	N/A
Micromedia, Inc.	Morristown, NJ	*Business Journal of New Jersey Magazine*	34	P & Np	Business Journal of New Jersey Inc.	$3.1 *
		Garden State Home & Garden	35	P & Np		
N.V. Business Publishers Corp.	Paramus, NJ	*MARI*	2	P	Magazine of the Americas, Revista Interamericana	N/A
Patrick Wiesner	Littleton, CO	*Colorado Homes & Lifestyles*	27	P	Garrett Giann	N/A
Richard Groves	Madison, WI	*The Cheese Reporter*	3	P	Harry Palmiter	N/A
Ted Schoenhaus	New York, NY	*Toy & Hobby World*	18	Np	International Thomson Retail Press	N/A
The International Oceanographic Foundation	Key Biscayne, FL	*Oceans*	N/A	N/A	Oceans Magazine Associates	N/A

* = Group purchase N/A = Not available P = Paid Np = Nonpaid

Weighing your paper choices

The reasons for changing paper stock may be economic, artistic or market driven. If you haven't looked at changing paper lately, maybe it's time

BY PAUL FRICHTL

To increase the impact it had on readers and advertisers, *YM* needed more space for its editor and art director to work with. The solution was a wider trim size, one more inch to the standard eight-inch width, which would add almost 12 square inches of work space.

"We call it our million-dollar inch," says publisher Alex Mironovich, referring to the cost added to *YM*'s annual paper budget. (*YM* also upgraded its cover stock.) "The change was very expensive. We had to fight long and hard to get it."

The change appears to be paying off. November and December 1989 issues closed 50 percent to 60 percent higher than a year earlier, and early newsstand returns for the August relaunch issue showed single-copy sales jumping about one-third over average sales of 150,000, says Mironovich.

"A big part of it is the visual aspect that the wider size has brought to the magazine," Mironovich explains. "It very quickly illustrates a visual difference in how the magazine is done."

Vogue, in a recent round of design changes, opted for higher grade paper, moving from a 40-lb. coated No. 5 to S.D. Warren's Somerset Gloss (45-lb.), a No. 4 grade that set a new benchmark for lightweight coated papers when it was introduced a few years ago. *Vogue*'s closest competitors were already on higher grade papers when it made the switch last March. "The editorial department needed a brighter, whiter sheet," says Irving Herschbein, vice president of manufacturing and distribution for Conde Nast. "To get that we had to move away from the 'commodity' grade No. 5 to a No. 4 sheet."

YM and *Vogue*, however, represent only the more public side of changes in the way magazines are using paper. Companies such as McGraw-Hill and Lebhar-Friedman, meanwhile, have been reducing basis weights and shrinking trim sizes. Their goal is to cut paper use and distribution costs.

A number of magazines have made or are considering making changes in their paper stock, or in how they use their paper. The reasons for the changes are as varied as

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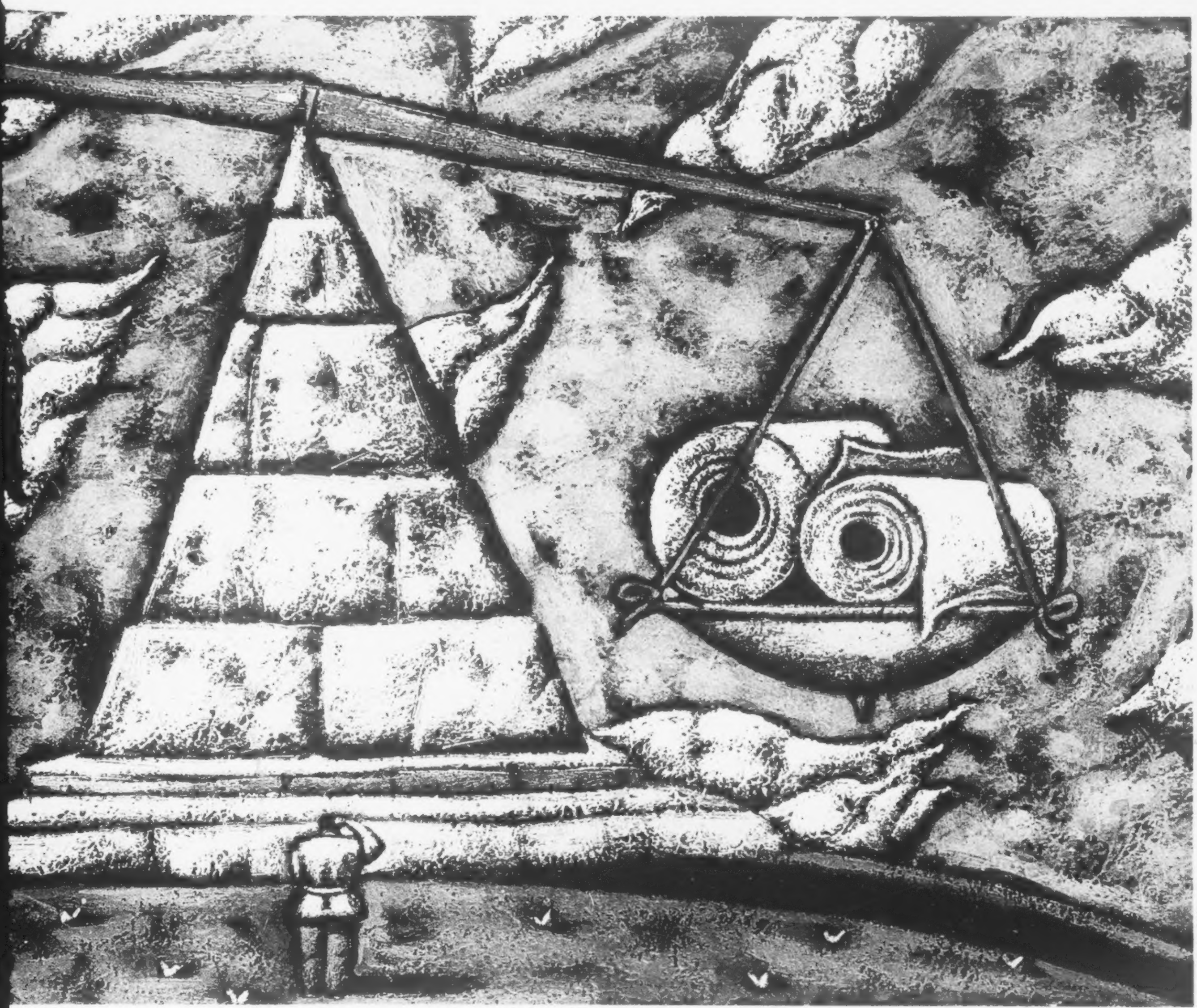
Paul Frichtl is a freelance writer based in Seattle, Washington. He had been managing editor of FOLIO:.



the options, ranging from needs relating to design, to competitive positioning, to cost cutting. But it's never a decision taken lightly. Paper can account for up to 50 percent of a magazine's overall operating budget, and averages more than 13 percent of sales for consumer magazines, according to sources.

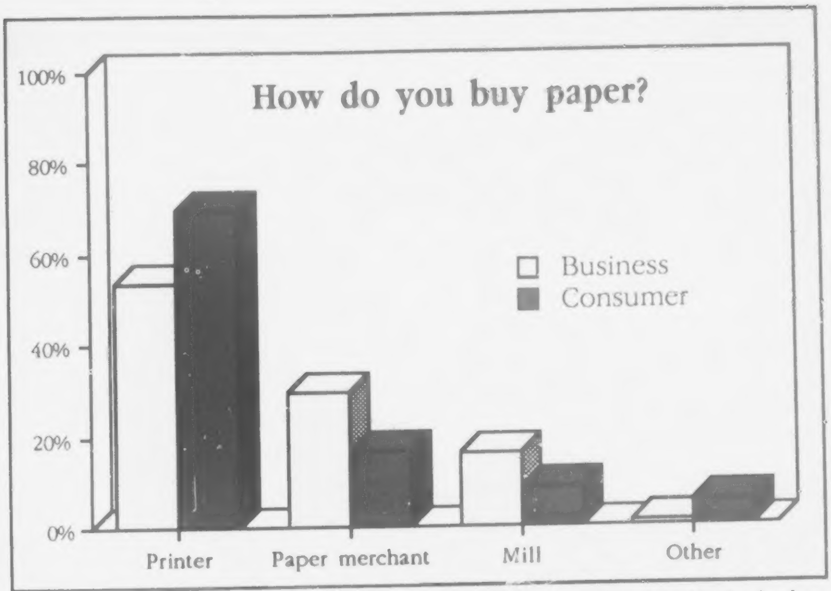
There are opportunities in paper, for both savings and for growth. If you haven't looked at changing your magazine's paper in a while, maybe it's time.

Pricing, certainly, is in the publisher's favor, as there has been no significant, broad-scale increase in paper prices for a year and a half. Yet the string of price increases leading to that hiatus is still very vivid in the minds of magazine paper buyers. Take 40-lb. No. 5 grade coated groundwood as an example. Prices rose more than 30 percent between mid-1986 and the end of 1988 to more than $900 per ton.

The climate is entirely different now. Prices have held steady since, and if anything, they took a dip last summer as several mills began to discount excess supplies. What's more, coated No. 5 list prices are only 4.5 percent over their 1985 high of $842 per ton.

That recent plateau of stability is slipping. Recent discounting has knocked an average of $30 per ton off the list price. Sources cite new paper machine capacity scheduled to come on line in winter 1989 and through 1990 as solid support for holding prices down. In fact, overcapacity here and in Europe may even accelerate discounting or drive list prices down.

Price differentials are also attractive to some publishers. The difference in price for taking a step up from a No. 5 sheet to a No. 4 grade averages about 15 percent to 17 percent, according to Rick Irwin, general



***Buying paper from the printer is the most** commonly utilized option for both business and consumer magazines, although consumer magazines are slightly more inclined to do so than business magazines.*

manager of the publication papers at Gould Paper. The difference for a step from No. 4 to No. 3 is even slighter: 10 percent to 12 percent.

All of that is encouraging for publishers—for those who need to track price trends to plan cost cutting measures, and for those who need assurances that if they change to higher quality paper stock, they won't get killed on prices two months later.

"There's no question that there are more magazines using high quality papers than ever before," asserts Irwin. "[Stable pricing] gives publishers an opportunity to consider an upgrade."

Shooting upscale

The change is obvious at any newsstand. Many magazines in the front row are getting wider—for example, *Harper's Bazaar, HG, House Beautiful* and *Metropolitan Home*—in an attempt to attract more attention. And titles ranging from *Woman* to regional *Pacific Northwest* are upgrading paper stocks to improve their competitive positions.

WoodenBoat recently upgraded its paper from a No. 5 sheet to a brighter 45-lb. No. 4 grade. Because of the nature of the magazine's editorial and advertising—a lot of white hulls and blue skies—brightness and whiteness were priorities. "A white paper surface makes a big difference," according to production director Barbara Bennett.

Even business tabloid *Back Stage* has moved up from a 35-lb. uncoated No. 5 to a higher grade 45-lb. matte coat. The better stock should create more ad sales, according to production director James Contessa.

New consumer magazines, too, are going right for the top of the scale, often launching with 60-lb. free sheets, with oversize or odd trim sizes, notes James Bamman, executive vice president of Paper Sales Corp., a paper merchant. Magazines such as *Mirabella, Lear's, Memories, Smart* and *Fame* are jumping onto the newsstand next to *Vanity Fair, Town & Country* and other established titles with distinctive physical appeal. Having a bright and hefty product certainly helps the newcomer draw attention. Those magazines, say sources, are setting the pace for everyone.

Don't gloss it over?

Setting the pace doesn't necessarily mean gloss, however. In addition to heavier, brighter paper, matte or glare free papers appear to be gaining acceptance. Seen as a trendy design element, matte coats carry a kind of panache, an underground, avant-garde kind of feel that has become more popular among art/lifestyle magazines, such as *LA Style* and *Metropolis*, according to design consultant Greg Paul, partner at Brady & Paul Communications.

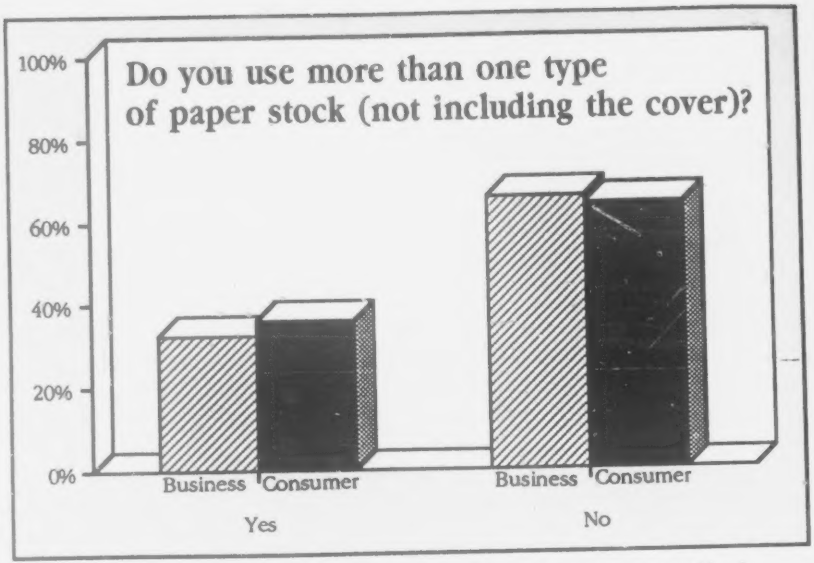
Long-time users of such paper—for example, the *Harvard Business Review*, which is heavy on text, light on advertising—have demonstrated its value in terms of readability, but as more mainstream titles, such as *MacWorld*, *Premiere* and *Details*,

METROPOLITAN HOME
winners
VOGUE
100 SPRING LOOKS
MOTHER EARTH NEWS
ED ABBEY'S PARTING SHOT
ym
Tom Cruise Answers Your Questions
Sexy & Single
Eye-Catching
& Go-Get-'Em Denims
Pacific Northwest
ALASKAN RENDEZVOUS
GOOD-BYE TO THE '80s

***In a bid to improve their competitive positions**, some magazines have opted to upgrade paper stock. Others have increased trim size and gone upscale on cover stock.*

make use of it, advertisers are becoming more receptive.

Details, being a fashion magazine, has especially had an influence. The magazine is distinctly different in graphic and editorial approach, as well as in reader profile, from fashion titles such as *Harper's Bazaar* and Conde Nast sister publication *Vogue*. Four-color is used sparingly, but suppliers and consultants maintain that color reproduction on matte papers can be every bit as good as on glossy stock. Regardless, *Details*' use of the matte finish is a critical part of its "downtown" image.



***About 75 percent of the magazines that carry** more than one type of body stock use only two types of paper, according to both business and consumer respondents. Another 21.1 percent use three different stocks, but few use more than three stocks in their magazines.*

The defectors

But then there are defectors. *Mother Earth News*, going after a more mainstream thirties audience, switched to coated paper with its redesign. *Publish!*, launched on a matte stock, has also gone to gloss-coated paper.

The difference is not in the pricing, in most cases. Suppliers say the prices of matte and gloss stocks are comparable.

If you watch only the front row of newsstands you might very well find convincing evidence of a significant move toward better paper and larger trim sizes. But the newsstand is a small universe, no matter how much more visible it is. And even there, paper changes among top newsstand titles are the exception rather than the rule, Bamman says.

Business magazines, on the other hand, generally don't compete as heavily on a design level. In fact, most would have a hard time justifying larger trim sizes and more expensive paper. If anything, the trend for business magazines has been toward tabloid formats printed on uncoated stock, such as supercalendered stocks and newsprint.

Upgrading paper stocks hasn't been a serious consideration at Crain Communications. Color reproduction and opacity are already adequate for the business titles, says Carl Braun, Crain's production director in charge of publications in the Chicago area. To upgrade to a No. 4 stock would be like printing the telephone book on coated paper, he says. "We just don't need it."

"We're just looking at our four-color reproduction and making sure it's acceptable," he says. "And that's the right word for it, acceptable."

The other side of the paper coin is cost containment. Some sources say that paper costs alone account for anywhere from 10 percent to 50 percent of a magazine's total operating budget. In addition, every pound of paper printed must be transported to the reader, usually by the United States Postal Service.

Postage cost savings derived from changes in paper use is an important issue—one that's only going to become more important. The 1988 Postal Rate Case raised the average cost of mailing a second class publication by 18 percent. Most publishers expect the 1990 rate case filing to result in increases at least as large. Many sources also believe the Postal Service will attempt to place much greater emphasis on the weight of an issue in the overall pricing structure.

"Postage cost savings derived from paper changes is an important issue, one that's only going to become more important."

[redacted]

For many publishers, using paper more efficiently is a way to bring down expenses where few other opportunities may be available. It works in two ways. Cutting total paper use, and thus its weight, can save money first in paper purchases, but also in that portion of postal charges calculated by the weight of an issue.

Achieving paper savings

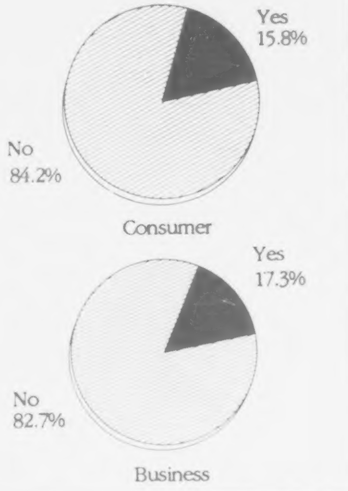
"If you put all your ducks in a row, if everything in production and stripping and platemaking and printing and everything else works the way it should, then it really all comes down to paper," contends Bennett.

In its efforts to cut costs, Crain has cut trim sizes on a half dozen of its tabloids, including its automotive titles, *Advertising Age* and *Crain's Chicago Business*. Lowering the basis weights of the papers the tabloids are printed on was out of the question. The tabloids are already on 36-lb. No. 5 stock; any reduction in basis weight would make them too flimsy, says Braun.

Similarly, Lebhar-Friedman has lopped a half inch off five of its tabloid titles to achieve paper savings—about 4 percent off the company's annual paper budget of approximately $3.5 million. Postal savings will be negligible, notes Stan Kaufman, director of manufacturing.

Originally, Kaufman had proposed reducing the depth of the tab-

Did you change your paper stock in 1989?



***An average of 16.6 percent** of the respondents said that they changed paper in 1989, and another 9.4 percent said they would consider changing stock in 1990. But few would specify whether they were changing to lighter or heavier weights, or higher or lower grades. The small percentage of respondents who did give specifics indicated that they were more likely to change to lighter weights and higher grades.*

loids from 15-1/4 to 14 inches, which would have netted a 7 percent to 8 percent savings in postage and a much greater savings in paper. "Internally, it was thought to be too radical of a move," he says. In particular, the sales department saw no advantage in reducing the size of the pages they are selling. Depending on the savings realized, and the reactions of readers and advertisers, further cuts may follow.

Family Media's *Model* recently trimmed a half inch from its original nine-inch width, yielding significant savings for the young magazine. The change allowed *Model* to run with narrower rolls on press, meaning less paper waste, and to reduce mailing and newsstand freight costs. Yet, according to Michael Brennock, Family Media president, those are only side benefits. Reducing *Model*'s width by a half-inch allowed Family Media to move the magazine to check-out racks; the magazine's original wider size precluded such a move.

One frequently discussed way of going about reducing paper use takes advantage of the rather new availability of short cutoff presses. As the paper moves through a short cutoff press, each form is cut off from the web at a head-to-foot length of 21-3/4", rather 22-3/4". That brings the magazine down from lengths such as the standard 10-7/8" to a maximum 10-1/2" trim. The cutoff length is a dimension dictated by the press and cannot be changed except by changing presses.

Lopping three-eighths of an inch off the overall length of a title saves a little over 4 percent in paper used, sources say.

However, even if a trim-size reduction were a viable option for the publication from a business standpoint, availability of the short cutoff press is another matter. Over recent years it has been a matter of major consideration for printers purchasing new presses. Although some major mass circulation magazines were showing a trend toward smaller trim sizes, printers who installed the new presses early have not seen the demand from publishers they expected. This absence of demand is discouraging other printers from making purchases without getting significant contractual agreements up front, notes *Newsweek's* Joel Reiss, director of materials.

Newsweek studies showed that the magazine could save a significant amount of paper with short cutoff press, but not all of *Newsweek*'s five printers had the presses, says Reiss.

Changing the width of paper rolls is another paper reduction option. Magazines continue to go to narrower rolls to reduce the amount of paper wasted in the bindery, where the paper required to carry the web through the press and permit folding is trimmed from the magazine. Going to an eight-inch book width on a 34-inch paper roll, for example, cuts bindery trim waste to a minimum.

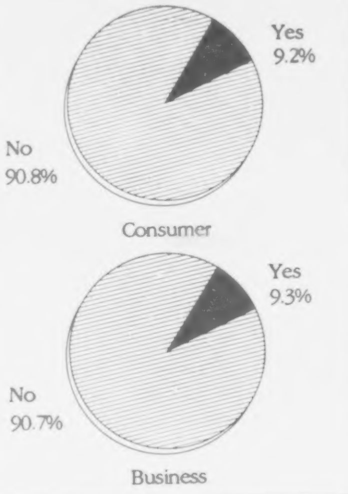
What's more, most printers are going to larger roll stands on their presses. A 50-inch diameter roll requires fewer paper splices (which eat up paper as press operators get presses back up to speed and color through the course of a pressrun) than the old standard 40-inch or 42-inch roll.

The latest annual paper survey conducted by the Magazine Publishers of America showed that more than 16 percent of the companies and magazines went to narrower roll widths in 1988, and nearly 12 percent went to smaller trim sizes.

Dropping basis weights

Another way to cut paper costs is to reduce basis weights. Recent MPA figures show that, among its consumer magazine membership, publishers expect to use more lighter weight papers as a percentage of the

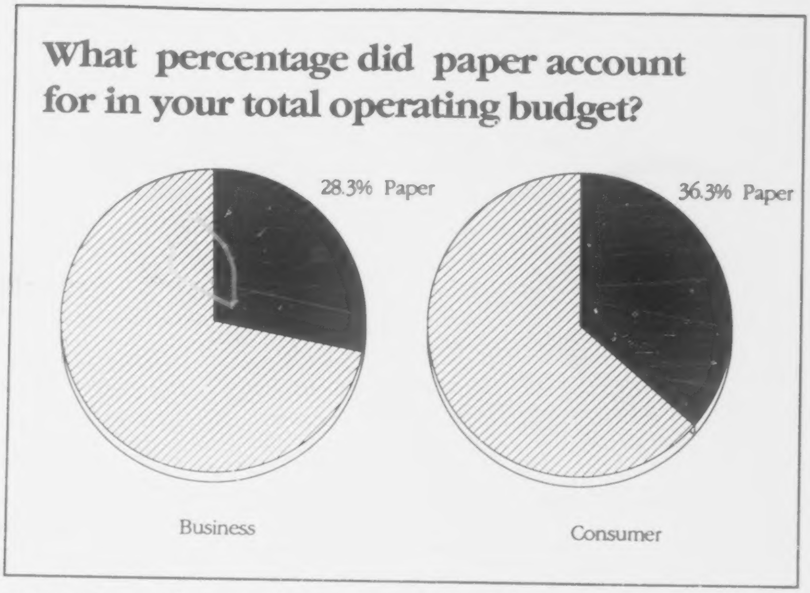
Did you change your trim size in 1989?



***Cutting trim size is one way** to reduce costs. Approximately 9 percent of the respondents did change trim size last year, and all said that they reduced the dimensions of their magazines. An additional 3 percent of respondents planned to cut trim size this year.*

Methodology

FOLIO:'s paper trends survey was mailed to 600 production executives, half of whom work on consumer magazines, half on business titles. Names were randomly selected from our database. Response rate to the survey is 36.8 percent. We received 216 completed questionnaires; 190 contained enough information to be used to calculate the results. The survey was mailed in July 1989.



***Paper accounts for more** than a quarter of the operating budget for both business and consumer magazines.*

total tonnage used. In 1988, 33.3 percent of the paper publishers used was 34-lb. basis weight. MPA publishers expect that to increase to 35.4 percent for 1990. As part of the trend, they expect the use of 40-lb. paper to drop from 22.5 percent of the 1988 total to 20.6 percent, and use of 50-lb. paper to decrease from 8.9 percent to 8.2 percent in 1990.

That's a long-running trend tied to paper machine technology and advances that produce papers with good characteristics at lighter and lighter weights.

Newsweek has tested dropping basis weights from its current 34-lb. stock to 32-lb. The net reduction in distribution costs amounted to about 2 percent, says Reiss—"not good enough for us to stick our necks out from the rest of the crowd."

More substantial drops in basis weights, say from 45-lb. to 40-lb. stock, bring a more substantial savings, however, says production consultant Alex Brown. A roll of 40-lb. stock weighing the same as a roll of 45-lb. stock yields more than 12 percent more paper on a square footage basis. Or, for the same number of pages printed in a magazine, the issue printed on 40-lb. stock weighs 12 percent less. Therefore, 12 percent can be knocked off the portion of postal charges attributable to the weight of the issue.

Savings in paper costs, however, may be negligible since lighter weight papers tend to cost more on a dollar per hundredweight basis— the publisher gets more printing area per weight unit. And of course, no change is without drawbacks. For the most part, a drop in basis weight—thinner paper—means a decrease in opacity. The result on press is a greater likelihood of showthrough from one side of a sheet to the other.

In some cases, that may not be a problem: Putnam Publishing Co. has gone to lighter weight paper and is considering trim size reductions in attempts to reduce the 40 percent of operating budget attributed to paper. Competitors have already made the change, making it easier for Putnam to cut costs, says director of production Bernard Schlameuss.

"Mixing stocks can not only save money, but serve as a design tool as well."

Balancing cost and quality

Many publishers are trying to offset the negative aspects that result from dropping basis weights by switching from free sheet to groundwood papers, according to Bamman. Free sheets begin to lose opacity below 50-lb. basis weight, he says, whereas groundwood papers have greater opacity at lighter weights by nature of the wood pulp content. "That's a tough sell, though," says Bamman, "because most [publishers] like the whiteness and brightness of the free sheets."

In contrast, *Valley Magazine*, a California regional, is looking the other way by moving to a higher basis weight paper, according to its production manager Madlen Ergas. The magazine would go from a 50-lb. No. 3 paper to a 60-lb. No. 4. "We think [the heavier paper] gives us a richer look and feel," says Ergas. There is little difference in the price of the paper, she says, and the postage increase from the added weight is not enough to forestall the quality change.

Other publishers have experimented with mixing paper weights within an issue, says Bob Sullivan, a production consultant. They might run lighter weight paper at the back of the book for departments, classified sections and so forth, and heavier paper in front for feature articles and color ad wells. Some magazines are running ads in separate forms, on heavier stock, while editorial forms are printed on lighter stock, adds John Anderson, senior vice president/sales, at Judd's Inc., a major magazine printer.

Magazines might also mix paper grades rather than weights. Family Media's *Science Digest*, for example, adds a 16-page coated form to the magazine, which is otherwise on uncoated stock. The coated form carries advertising.

And Prescott Visitor Magazines, publisher of *See* magazines, frequently runs forms printed on foreign paper stock in the same issue as forms printed on domestic grades, taking advantage of lower-priced foreign supplies. Production manager James Praschak says the two stocks are nearly indistinguishable. Although he says he prefers domestic papers, Praschak runs about 50 percent of his jobs on foreign stock because of price advantages. In fact, for the last four months of 1989, he was expecting to use foreign stocks exclusively.

Breaking up printruns is still another variation. Family Media recently experimented with printing subscriber and newsstand copies on different basis weights in an attempt to reduce distribution costs, according to one source. On several of the company's 10 titles, depending on demographics and image, the basis weight was dropped to 34-lb. for subscription copies. Weights were raised or held at 40-lb. stock for newsstand and comp copies, where the quality of the magazine was more important. According to the source, the company was hoping for a paper and distribution cost reduction of about 10 percent, depending on the title, its subscription newsstand mix, and paper price differentials.

The full impact of changes was to be tested with the September issues, but in late August Brennock said he doubted that the company would implement the changes, citing "advertising considerations" as outweighing postal savings.

The aesthetic mix

The above examples center primarily on efforts of publishers to eke out whatever cost savings they can, while maintaining quality levels for advertisers. But mixing stocks can also serve as a design tool, as it does with *Town & Country's* special editorial sections. For example, the magazine runs special fashion sections in February and August. To set them apart from the rest of the magazine, which runs on a 50-lb. coated stock, the fashion sections run in 16-page signatures on 70-lb. coated matte stock that has a slightly blue tint to it.

> **"A change must be fairly radical before readers will notice it at anything other than a subliminal level."**

"We want that part of the editorial to stand out and be noticed," according to art director Melissa Tardiff.

Town & Country also uses a high-bulk, uncoated rag paper as a second stock. The October and November issues, for example, carried 16-page, buff colored sections featuring the top physicians in the country. The sections were entirely text, whereas the coated matte stock is used for special features containing a lot of halftones and four-color.

Neither of these sections carries advertising—editorial must be made to fit the signature. And in both cases, it is the editorial department specifying the paper.

Heavy-weight uncoated papers similar to that used by *Town & Country* are also used to give the appearance of a thicker magazine. Sometimes called bulking stock, the paper is thicker than a coated sheet of the same weight. Magazines such as *Golf* and *Motor Boating & Sailing* run how-to departments heavy on text and line art on the uncoated stock.

Design consultant Paul notes that changes in texture—such as bulking stocks—make a section more visible, but can mean inflexible placement options because of ad layout and form breaks. So too can they be misused, interrupting the reader. "Anytime you change texture or interrupt the reader, you're calling attention to that one thing. It's like crying wolf. You can do it too often."

While publishers may turn to paper to find their savings, no one likes to cut quality unnecessarily in the process. Several sources noted that, if they must reduce basis weights to cut postal costs, they'd like the lower basis weights to maintain the characteristics of heavier papers, especially opacity.

Wanting more

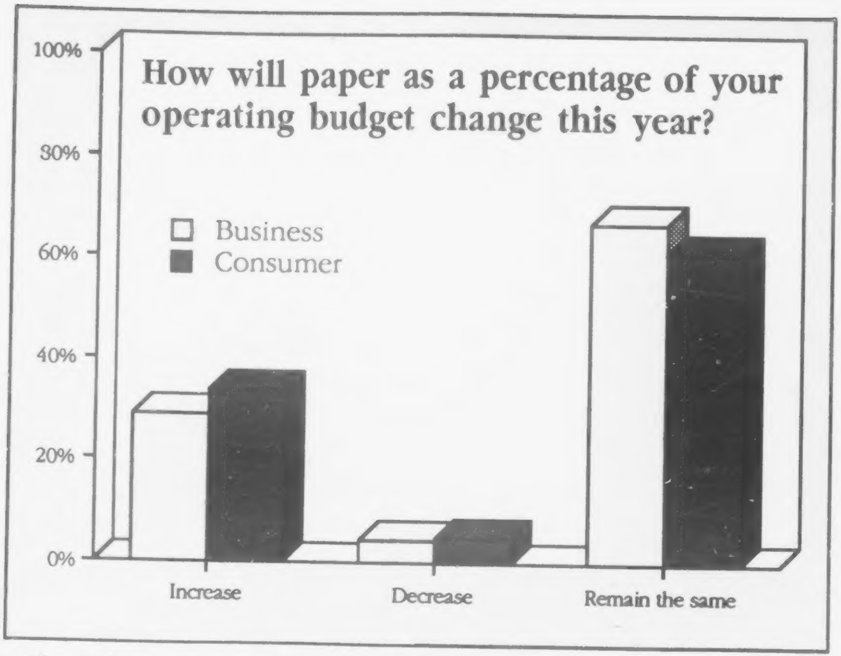
WoodenBoat's Bennett noted in particular a desire for lighter weights in No. 4 grades, having recently seen a high brightness 40-lb. weight of Weyerhaeuser's Colonnade. Before June 1989 it was available only in weights of 45-lb. and above. Even at the lighter weight, she maintains, the opacity, brightness and ink holdout were impressive. She noted that the price was "a lot more" per hundredweight than *WoodenBoat* currently pays, but the difference in weight would bring significant savings in distribution and postage costs.

Production consultant Sullivan sees weights going down even further. "I don't think 32-lb. technology has been explored to its fullest," he says of No. 5 grades. "I think publishers are willing to pay more for lightweight paper that has the characteristics they need, so that they can go after the postal savings."

Sullivan contends that the tech-

Nation's Restaurant News
Dairy co
surge;
prices
Disney touch
at Utah's pri
McD cries 'Fowl!'
over KFC TV spot
SEE
Key West & Lower Keys
FREE
MAPS
Advertising Age
January 15, 1990
GM slices $80 million in ads
Model
4 kinds of kisses
Kyle MacLachlan and the Lynch mob
sex, dating, commitment?
3 short stories about life and love by stephanie vaughn

Shaving costs: Cutting trim sizes was the solution for half a dozen of Crain's tabloids, five of Lebbar-Friedman's and Family Media's Model. *Prescott Visitor Magazines reduced costs on its* See *titles by mixing foreign and domestic stock.*



***About 30 percent overall expected paper costs** to account for an even larger part of the budget this year.*

nology is available, but says he is not sure that such a sheet is currently in production.

"It would allow you to rethink this tradeoff between money and quality," adds Bennett.

The improvement and refinement process at paper mills has been a continuous one, Bamman notes. Paper mills constantly work toward better coats, increased opacity, higher brightness levels and so on, as well as higher capacity. The demand comes from both ends, he says. While publishers want lighter papers with better characteristics, mills have similar interests. Running lighter paper off a paper machine means they can produce more paper with the same materials. "The mills love to crank out the volume," he says, especially coated No. 5, the commodity level paper.

Nos. 3, 2 and 1 have almost become specialty papers, Bamman continues, used in smaller pressruns and often on more labor intensive sheetfed operations. Still, paper mills are addressing those markets. Warren, Westvaco and Champion all have new or rebuilt machines scheduled to begin producing No. 3 free sheet sometime in 1990, according to Irwin.

Improvements in brightness and opacity in recent years have made coated groundwood No. 5 even more attractive to cost conscious magazines. Herschbein notes that mills have been forced to make improvements not only by user demands, but also by development of a No. 6 grade, a lightweight, supercalendered paper with a light coating that has a matte finish. *Premiere* uses such a paper, produced in Finland.

Publishers have apparently been anxious to make use of the improvements. Those No. 5 grades with the highest brightness are in the greatest demand. The mills producing the top quality sheets were "inundated with orders" late last fall, causing two major mills (Boise Cascade and Weyerhaeuser) to announce allocation procedures for No. 5 and No. 4 grades. Mills producing lower-grade No. 5s, says Irwin, were at the same time beginning to discount paper, in some cases, to relieve overcapacities. Irwin expected the duration of allocation to be brief because of scheduled new capacity.

Other variables to consider

If you're thinking about changing paper grades, availability is a serious consideration. If a mill can't produce enough of a specific grade to serve existing customers, if it is distributing its paper on an allocation system, there's simply no room for new customers. As Irwin noted, the most popular papers can be in tight demand.

If a magazine is planning a redesign and a change in paper stock, Paul recommends that the changes be simultaneous. That way, problems that might arise because of the new stock, such as showthrough, cracking on the bindery and so forth, can be anticipated.

A significant gamble

A move up in both trim size and paper quality is a significant gamble, especially in a redesign. To make the product look and feel more substantial, publishers tend to run more editorial than they might otherwise, more than the advertising revenue might support, in hopes of getting more advertising pages and advertising revenue.

YM, for instance, raised its average page count from about 100 pages to about 140 pages to give the magazine more substance in its relaunch, says publisher Mironovich. Taking the magazine's paper up a grade proved to be too much. "You really need to generate a tremendous amount of advertiser support to make all of that worthwhile," he concludes.

The decision, then, finally comes down to good business sense, evaluating what advertisers require, what readers are comfortable with, and what your budget can swing. There *is* such a thing as too much quality, Bennett says. "It's never good business to buy more than you need."

Most sources agree that the reading public has been spoiled by high quality paper, and in some ways has come to expect it. Yet many also maintain that a change must be fairly radical before readers will notice it at anything other than a subliminal level, as Brown puts it. For publishers trying to eke a little economy out of their paper use, that's good news. They can take heart in Greg Paul's observation that there seems to be a growing acceptance of lower grade, lighter weight papers, as well as high quality stock—especially when the paper is appropriate to its atmosphere. "Everyone has that desire to eat in a fancy four-star restaurant once in a while," Paul says, "but you're likely to see that same person chowing down in a Burger King the next day."☐

C4325-1

Folio:

A Publication of The Hanson Publishing Group, Inc.

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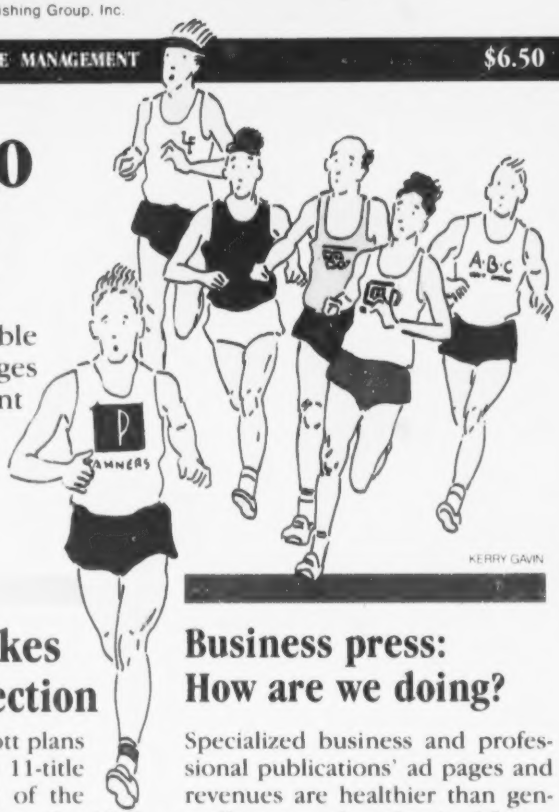
Get ready, get set, go . . . for the 1990s

Business magazine publishers are facing formidable challenges. Publishing costs are rising and ad pages are flat, creating a fiercely competitive environment that could last well into the decade. Learn how publishing companies are performing now, and how the smart ones are developing various new ways to compete. **98**



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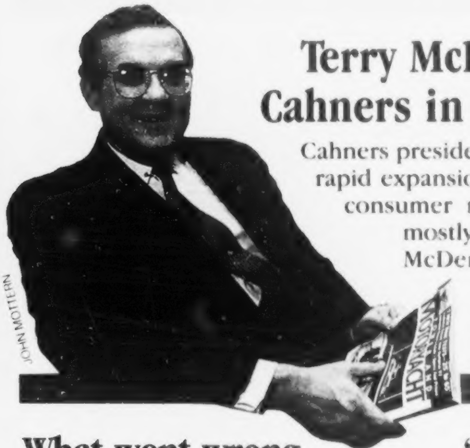


JOHN MOTTERN

Terry McDermott takes Cahners in a new direction

Cahners president Terry McDermott plans rapid expansion to build up the 11-title consumer magazine division of the mostly business publisher. By 1995 McDermott envisions a 50 percent split between business and consumer magazines. **47**

Business press: How are we doing?

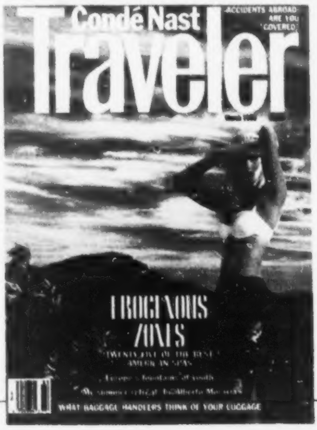
Specialized business and professional publications' ad pages and revenues are healthier than generally assumed, and poised for an upswing in the 1990s, says John Emery, president of the American Business Press. **170**

What went wrong at Edgell?

Even after resigning as chairman, in the face of mounting debt woes, Bob Edgell still maintains that it's "business as usual" at the 55-title publisher. But most observers refuse to paint a happy face on the company, saying a sale is inevitable: "It's just a matter of who and when." **24**

'Truth in travel' formula wins advertisers

Conde Nast Traveler is not afraid to tell its readers when the beaches are dirty; and the once reluctant advertising community is now showing support for the magazine's frank and honest editorial tone. The *Traveler* enjoyed a dramatic advertising surge last year—advertising pages have jumped 53 percent and ad revenues have soared 78 percent. **57**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WHAT BAGGAGE HANDLERS THINK OF YOUR LUGGAGE

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May 1990

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Ready, set, go for the 1990s

Business publishers adapt to challenging times. Here are nine strategies that will help publishing companies stay ahead

JEAN MARIE ANGELO
MANAGING EDITOR

Business magazine publishers are faced with some formidable challenges as they enter the new decade. During the late 1980s, ad page sales were flat, and they are projected to stay soft for at least the next few years, making for a fiercely competitive atmosphere among business titles in all categories. Further, the costs of publishing—paper, postage and printing—have increased steadily, while a low rate of inflation has made advertisers reluctant to accept ad rate increases.

The smart publishers are addressing these concerns, and are developing new ways to grow profitably.

"We are operating in a new world," says Arthur Rosenfield, president, Business Development Group (BDG), and magazine publishing consultant. "We need new thinking that will lead to new strategies. Any company that is relying solely on ad page growth is courting disaster."

The next few years will see a dramatic shake-out of business press titles. The best in each market will get the ad page business, while the less healthy magazines will simply fade away. "It is going to be a time when the best grow and survive," says Michael Hanley, chairman and CEO of Hanley-Wood, Inc., a business publisher in the construction market. "There will be a lot of weeding out. Publishers will need to be more innovative to make a dollar."

Further complicating the situation for business magazine companies is the heavy debt load that many are carrying. The merger and acquisition mania of the 1980s saddled companies like Edgell Communications with huge loan payments, forcing them to sell off properties. These are just the kinds of companies that can ill afford a drop in revenue.

How can you ensure that your magazine company will make it through the 1990s? BDG's Rosenfield offers nine strategies that will help position business magazine companies for growth in the years ahead.

1. Choose your markets carefully.

Being in the "right" market is the number-one consideration. Of course, each publishing company must decide what is "right" for it. Whatever market a publisher decides to do business in, it will be important to "own" that market. Into the 1990s, the business press will see more publishers trying to establish dominance in their areas.

"Go with your strengths," says James Boddorf, executive vice president, Veronis Suhler & Associates, an investment firm for the communications industry. "People are wise to limit the risk factor," he says. The ultimate risk, he observes, is launching a magazine in a market where a publisher has never had a property.

The "staying close to home" philosophy explains Cahners Publishing's willingness to pay $825 million last year for Murdoch's travel titles. The investment is worth the record price. The acquisition added *Travel Weekly, Hotel & Travel Index* and other guides and electronic services to the Cahners group. Going into this decade, Cahners has poised itself as a premier travel information publisher.

"There is a great trend today to bundle properties," notes Hanley, whose company publishes *Builder, Remodeling* and four other magazines that serve the construction industry. "We are concentrating on the business we know best. When we think of acquiring properties, we think only of construction."

Other publishers echo Hanley's

KERRY GAVIN

TOP 25 MAGAZINES

Ranked by 1989 Advertising Pages

Company	Publication Name	1988 Ad Pages	1989 Ad Pages	Page Growth 1988-1989	% Growth/Decline 1988-1989
CMP Publications Company	Computer Reseller News	6,370	6,536	166	2.6%
Cahners Publishing Company	EDN Magazine Edition	5,672	6,117	445	7.8%
Coastal Associates Publishing	Computer Shopper	5,059	6,050	991	19.6%
Ziff-Davis Publishing Company	PC Magazine	5,891	5,798	(93)	(1.6%)
CMP Publications Company	Electronic Engineering Times	4,692	5,047	355	7.6%
Reed Travel Group	Travel Weekly	4,872	4,885	13	0.3%
Ziff-Davis Publishing Company	PC Week	5,614	4,718	(896)	(16.0%)
CW Communications, Inc.	Computerworld	4,489	4,168	(321)	(7.2%)
Fairchild Publications	HFD	4,092	4,124	32	0.8%
Cahners Publishing Company	Design News	4,328	3,731	(597)	(13.8%)
Cahners Publishing Company	Restaurants & Institutions	3,841	3,659	(182)	(4.7%)
Infoworld Publishing	Infoworld	2,974	3,544	570	19.2%
Billboard Publications, Inc.	Back Stage	3,600	3,489	(111)	(3.1%)
Medical Economics	Medical Economics	3,759	3,161	(598)	(15.9%)
Penton Publishing Company	Machine Design	3,668	3,161	(507)	(13.8%)
CMP Publications Company	Electronic Buyers' News	3,161	3,044	(117)	(3.7%)
Byte Publications	Byte	2,995	2,950	(45)	(1.5%)
Travel Magazines Division	Travelage West	3,049	2,940	(109)	(3.6%)
CMP Publications Company	Tour & Travel News	2,416	2,866	450	18.6%
Fairchild Publications	Travel Agent Magazine	2,610	2,818	208	8.0%
Lebhar-Friedman	Nation's Restaurant News	3,447	2,814	(633)	(18.4%)
Crain Communications, Inc.	Advertising Age-National	2,810	2,678	(131)	(4.7%)
Bowker Magazine Group	Publishers Weekly	2,662	2,660	(2)	(0.1%)
Bill Communications, Inc.	Restaurant Business	2,631	2,554	(77)	(2.9%)
McGraw-Hill Publications Company	Aviation Week & Space Technology	2,713	2,546	(167)	(6.2%)

Source: Business Development Group, Inc.

(Compiled from Patterson Advertising Reports, C-System, Rome Reports, and direct reporting to BDG.)

***Cahners and CMP prove** to be dominant forces in the business press when each magazine is analyzed in terms of ad page volume. Both companies have several titles in the top 10 alone.*

sentiments. "We've made a corporate commitment to concentrate on high-tech, electronics and health," says Michael Leeds, president of CMP Publications, publisher of 13 business publications, many of them news tabloids. The goal is to enhance the "we're number one" image. While some of the markets that the company is in—telecommunications, computers, travel and health—may seem in flux right now, Leeds is not nervous about his publications. Markets in flux are "the ones that need our newspapers the most," he says.

International Data Group (IDG), a large computer magazine publisher, is also committed to staying strong in the market by concentrating on the segments that are growing the fastest, says Axel Leblois, vice chairman, IDG, and chairman and CEO of International Data Corporation, a subsidiary. *Network World* covers computer networking, a segment that is still in a growth stage, while a publication like *Federal Computer Week* is covering the emerging use of computers in Government. Leblois also believes that the high end of the computer market is poised for growth over the next few years—which is why IDG has faith that *Infoworld*, a magazine for the professional who buys PCs, will continue to do well.

For the publishers who want to venture into new markets, it is important to pick markets that are in an up cycle. "Look for the ones that have the greatest profit margins," says Rosenfield. "Find industries where the profit margin is on the rise.

"If a company can't be a strong player in a market, it will divest," he explains. There is no satisfaction in running at the back of the pack.

With ad dollars tightening up, it is imperative that magazines establish their positions in their respective fields. The first step is analyzing which markets are projected to grow. A BDG analysis, based on material from the U.S. Department of Commerce and Valueline Investment Service, indicates that the markets shown in Figure 1 will see strong growth through 1994.

This is by no means an exhaustive analysis. Business publishers must collect their own information on markets, using statistics available through the Government, suppliers and other sources.

It is also imperative to note that most markets move in cycles. Publishers serving markets that are not growing must become more creative, says Rosenfield. Now is the time for new ad packages and added value. A downturn in the market does not automatically obliterate publishing opportunities, since industries in flux need good journalism, he notes.

2. Improve the editorial product.

"The reader has a low tolerance for editorial that is not useful and insightful. The commitment that is made to provide something to the reader that is exceptional is the most important thing for a business magazine publisher," asserts Rosenfield.

The rise of the tabloid news format is one indication that business magazine audiences are eager for products that deliver "news." BDG's data on the 35 magazines whose ad pages grew most in 1989 reveal that 15 are news tabloids.

"We organize our titles like newspapers," says Leeds of CMP, publisher of 13 business titles, including *Business Travel News, Healthweek* and *Electronic Engineering Times*. CMP's publications have independent staffs that work for each section, similar to newspaper staff structure. This allows for more in-depth coverage of topics.

Some publishers have developed systematic ways to measure editorial quality. Cahners Publishing, a company with as many as 70 business titles, conducts an annual editorial audit on each magazine. The chief editor makes a presentation to top management to discuss how the audience is relating to the magazine in comparison to the competition. The editor can also ask for other resources, such as audience research.

"This is a consultancy type of audit," explains Frank Sibley, senior vice president, general manager, of Cahners' Boston division. "The editor gets to say what he or she is proud of, and we give a perspective on how we feel they are doing."

Ultimately, the two most important aspects in business publishing are a stable staff and knowledge of the industry. Business magazines, now more than ever, need seasoned reporters who know their markets, and who are encouraged to travel and meet the people who shape their industries, says Rosenfield.

3. Develop sophisticated research techniques.

Good research facilities support both advertising and editorial. "The difference between success and failure in the nineties will depend on how well organized the research departments are," says Rosenfield.

Research can not only help a business publishing company determine where its own products are heading, and which aspects of the markets are growing or declining, but can also help grow the market by serving vendors and users.

International Data Group (IDG) is certainly serious about its research efforts. Its division International Data Communications (IDC) has a mission to serve vendors and users. Computer equipment and other software and service vendors pay for reports on their performance. "Every month they get all our product analysis and strategy assessments," says Leblois. "They get all they need to analyze their positions in the marketplace."

Figure 1

PROJECTED GROWTH MARKETS

Markets	Value of Shipments Growth Rate 1989-1994	Estimated Profit Margin 1989-1994
Advertising	NA	5.60%
Aerospace	3-6.5%	3.70%
"Architecture, Engineering, Survey Services"	3-5%	NA
Broadcasting/Cable	NA	12.90%
Chemicals	NA	7.5-10.2%
Computer Peripherals	NA	9.70%
Drugstores	NA	3.20%
Electronic Computing Equipment	20-25%	5.00%
Engineering and Optical Instruments	7%	NA
Health and Medical Services	11-13%	3.60%
Insurance	NA	8.1-8.8%
Medical Supplies	NA	7.50%
Metal Fabricating	NA	7.90%
Petroleum and Petrochemicals	1.0-3.5%	6.2-12.6%
Publishing	NA	7.20%
Radio and TV Communication Equipment	5%	NA
Retail Building Supplies	NA	3.20%
Surgical	7-8.5%	NA
Telecommunications	8%	5.2-10.1%

Compiled from U.S. Department of Commerce and Valueline statistics by Business Development Group, Inc.

***Leading business indicators** show these to be the markets that will grow the most into the first half of the 1990s.*

Users of Management Information Systems (MIS) also need help deciding what products will be most useful to them. "Some of our MIS customers run very large companies, with huge budgets," says Leblois. "For them, getting the right information from an independent source is essential."

Research is also an important profit center for IDG. The research division brings in $50 million in gross revenue annually, out of IDG's $500 million total gross revenue. The division is the number-two money-maker behind the magazines themselves, which bring in $380 million. The exhibition division brings in $40 million, while the sale of database information brings in $30 million.

Cahners has also developed a sophisticated research facility. In addition to doing research on the forces that drive every market in which Cahners has a publication, the 55-person research department supplies proprietary research to advertisers on a "cost" basis, says Sibley. A separate division provides economic forecasts on each market.

4. Streamline operations.

Staff cutbacks are never popular. While the press is quick to report on dramatic restructurings and will question a company's health whenever there is major reshuffling, reformatting and cutting back are often smart, says Rosenfield. McGraw-Hill and Lebhar-Friedman are just a few of the companies that have recently orchestrated major reorganizations and have streamlined operations. There will be more trimming in the early nineties.

"All the pressures on the marketplace are causing every publisher to look at every job and every function," says Boddorf of Veronis, Suhler & Associates. "Everyone is asking if things can be done more efficiently."

Streamlining is something a good publisher does on a regular ba-

25 TOP GROWTH MAGAZINES

Ranked by 1989 Advertising Page Growth

Company	Publication Name	1988 Ad Pages	1989 Ad Pages	Page Growth 1988-1989	% Growth/Decline 1988-1989
Adweek	Adweek's Marketing Week	563	1,851	1,288	228.6%
Coastal Associates Publishing	Computer Shopper	5,059	6,050	991	19.6%
CMP Publications Company	Macintosh News*	206	792	586	284.5%
Infoworld Publishing	Infoworld	2,974	3,544	570	19.2%
CMP Publications Company	Tour & Travel News	2,416	2,866	450	18.6%
Cahners Publishing Company	EDN Magazine Edition	5,672	6,117	445	7.8%
Miller Freeman Publications, Inc.	LAN	587	1,010	423	72.1%
McGraw-Hill Publications Company	ENR	1,412	1,824	412	29.2%
CMP Publications Company	Electronic Engineering Times	4,692	5,047	355	7.6%
Business Research & Communications	Small Business Reports	102	419	317	312.6%
Pacific Magazine Group	Presentation Products *	134	444	310	231.9%
Institutional Investor, Inc.	Institutional Investor	1,206	1,510	304	25.2%
Advanced Technology Group	Laser Focus World	1,335	1,637	302	22.6%
Amr. Soc. of Agricultural Engineers	Agricultural Engineering	30	320	290	980.7%
Ziff-Davis Publishing Company	Digital Review	1,774	2,063	289	16.3%
M&T Publishing, Inc.	Dr. Dobb's Journal of Software Tools	790	1,076	286	36.2%
MacWeek, Inc.	MacWeek	1,874	2,152	278	14.8%
Network World Publishing	Network World	1,349	1,626*	277	20.5%
Restaurant Business, Inc.	Foodservice Director *	209	482	273	130.7%
Cahners Publishing Company	Construction Equipment	1,072	1,327	255	23.7%
Lebhar-Friedman	Discount Store News	990	1,239	249	25.1%
Industrial Marketing Adv. Svcs, Inc.	Radio World	602	848	247	41.0%
Hanley-Wood	Remodeling	635	881	246	38.8%
PennWell Publishing Company	Offshore	354	599	245	69.3%
Fairchild Publications	Autosound & Communication	277	513	236	85.4%

* Title launched 1988.

Source: Business Development Group, Inc.
(Compiled from Patterson Advertising Reports, C-Systems, Rome Reports, and direct reporting to BDG.)

The news tabloid is a strong format *in the business press. Almost half of the titles here are tabloids, including* Computer Reseller News, Infoworld *and* Billboard.

sis. "I think the smart publishers do it constantly; others do it under profit pressure," observes Boddorf. "If good times roll back, we'll begin to see some fat."

The major streamlining that is due may result in smaller staffs, notes Rosenfield. Publishers are going to become more conscious of productivity and how to measure it.

Rosenfield also predicts a compression of management responsibilities. There will be fewer people in top corporate and middle management. The idea of "group publishers" handling three and four titles could disappear. Profit responsibility will drift down to lower levels of management than it has in the past. Management will be "leaner, meaner, going faster and getting tougher," says Rosenfield.

"In the publishing business we cannot afford the fat that was supported by the buoyant economy of the seventies and eighties," he explains. "The economy of the nineties will not tolerate it."

5. Develop a systematic and organized approach to client alliances.

In a business environment where the suppliers, meaning the advertisers, are decreasing in number because of acquisitions, it is critical that publishers develop special relationships with leading companies.

Maclean Hunter's *Progressive Grocer* is doing this with a variety of communications products. Necessity was the mother of invention in this case. The supermarket industry experienced a dramatic shake-out in the 1980s because of numerous mergers and acquisitions.

"A lot of blue-chip ad spenders were out of the market," explains Richard Hofler, senior vice president, publisher, *Progressive Grocer* and Retail Insights, a division created to produce video products. *Progressive Grocer* lost almost $2 million in ad page revenue last year, but the company is attracting new ad revenue with the development of new products. The answer is a "total menu" of products that will appeal to advertisers. *Progressive Grocer* had to become more than a magazine, and the publishing company had to become a total communications company, says Hofler.

The company developed a series of "video magazines," titled *Supermarket Insights* and *Convenience Store Insights*, and other advertiser-sponsored video products. It also offers direct mail and ad production services to advertisers. In essence, the company now offers a variety of information services.

The magazine also broke out its "Annual Report for the Grocery Industry," which traditionally ran in its April issue, as a separate publication. Several years ago, Nabisco signed a multi-year contract to be the sole sponsor of the report. *PG* then had 300 copies hard-bound and mailed to a list of Nabisco's 300 most important customers.

PG was hurt again when RJR Nabisco was bought by Kohlberg Kravis Roberts & Co. last year. Although the advertiser is not choosing to renew its contract, *PG* hopes to take on a limited number of sponsors for the project. Also, the company custom publishes other products that can be either solely sponsored or supported by a limited number of advertisers.

Maclean Hunter has also developed a Trade Dimensions division, which offers advertisers information about supermarkets. The database, updated on a monthly basis, offers *PG*'s advertisers numerous details, such as whether a store has added an in-house pharmacy or salad-bar and hot food takeout services. It also offers consumer buying information.

A more precise way to describe these relationships is to say they are multidimensional. "This is a different approach than creating a product mix," observes Rosenfield. "This is a way of creating an organized, profitable way to connect with the leading suppliers in the industry.

"In many ways, it is easier to sell someone a $1 million program that has five or six components than it is to sell a traditional 12-time schedule. Marketers today are much more interested in multicomponent approaches to market requirements," Rosenfield adds.

Many consumer magazine publishers, including Meredith and Time Inc. Magazine Co., already have well entrenched, aggressive multi-component strategies, says Rosenfield.

6. Create a product mix that establishes leadership.

"A publisher will have to create a cohesive group of information services to become a dominant player in a market," Rosenfield explains. "Companies will need to have a critical mass." Books, trade shows, conferences, newsletters and database information help to generate more revenue and enhance a company's name in an industry.

PennWell Publishing, for example, has 17 titles serving various markets, including the gas and oil industries and computers and graphics.

"We've been able to increase market share, but we can't do that forever," concedes Joseph Wolking, president.

"We have to find new revenue sources for our information and new ways to package it," he says. This is why the company opened a conference and exhibition division last year. PennWell now has three shows, one for the utilities field, another for the petroleum industry and a third that covers environmental topics.

Another revenue stream is a budding newsletter division. *Petrol-Safe*, which sells for $195 annually, covers environmental issues that are not routinely written about in *Oil & Gas Journal*, the company's flagship publication. In addition, PennWell sells statistics gathered for the magazine. The information is put on floppy disks for sale as database information. Prices start at $250.

Of the company's total revenue in 1989, 27 percent was brought in by these other products. Wolking expects ad page revenue to account for even less of the total revenue in the coming years.

Other companies are expanding their product lines. Early this year, IDG launched a book division to take advantage of the growing importance of the software segment of the computer industry. "Each software package sold creates some potential for a book to be sold," says Leblois. He predicts that software sales will make up one-third of the computer market by the year 2000. "The need for publishing books is obvious," he asserts.

The company also has an expositions group, which hosts 10 international "Macworld" shows. "We intend to invest very heavily in this field," says Leblois. "Exhibitions are one way to help the market expand."

Marshall Freeman, president of Miller Freeman Publications, saw the opportunity to expand its paid circulation revenue stream with a newsletter division. Miller Freeman, publisher of *Pulp & Paper*, *AI Expert*, *Computer Language* and other business magazines, is unusual in that it already generates paid circulation revenue with many of its magazines (the majority of business magazines have controlled circulations). The newsletters complement the subject matter.

"Companies will have to create a cohesive group of information services to become dominant players in a market. They will need to have a critical mass."

The company has also expanded its book division. Miller Freeman was publishing 90 titles, most related to the timber and paper markets, but is now seeking to acquire manuscripts related to computers, electronics, medical technology, music and the other fields covered by its magazines.

All in all, the company's *Pulp & Paper*, the flagship, has 23 profit centers surrounding the magazine franchise. Newsletters, trade shows, directories, fact books, statistics and forecasts are just some of the properties. Half of Miller Freeman's revenues are generated by these other activities.

"It wasn't difficult for us to switch philosophy and become an 'information company,' because we had to do it," says Freeman. "Ten years ago we were just basically magazine publishers in markets that were declining badly."

Penton Publishing, owner of 38 titles, many geared to heavy industry, also believes in offering a wide range of services, adds Sal Marino, president. In addition to such ancillary products as direct marketing, research and seminars, the Penton Learning Systems offers specialized training programs. A company that wants to educate its staff about warehousing can pay for PLS to create a curriculum and come on site to teach employees. This ancillary product alone generates as much as $16 million annually for Penton, whose total gross revenues add up to $200 million.

Marino notes that these activities are becoming more important since overall ad sales revenue is decreasing by 1 percent each year.

7. Utilize new technology.

Publishing management has to learn as much as possible about new developments in printing technology, such as ink-jet printing and selective binding, as well as the newer, innovative pre-press options, like desktop publishing.

The changes in printing technology may create a whole new ad sales environment, allowing advertisers to target only select groups of the audience. Desktop options can save money off the production bills, but require a commitment to stay abreast of constantly changing hardware and software developments. Now is the time to learn.

"Production gains are grounded in taking advantage of newer technology and negotiating better with the printer," notes Peter Craig, president of the Magazine Acquisition Network.

Gralla Publications' move to consolidate more work at one printer, instead of hiring various printers to handle its magazines, is one example of a company that is cutting costs by reorganizing its production strategy.

8. Form strategic alliances and joint ventures.

"In the eighties, companies leveraged cash. The principle of joint venture is to leverage things other than cash, to leverage other assets," says Rosenfield. What things can be leveraged? Access to market, talent, circulation lists and any other factors that seem salable.

During the 1990s, business publishers will create special projects with companies that are not in the publishing industry.

Hanley-Wood's version of this strategy is its Builders' Pride Program, a team project with home builders associations and major building suppliers. This year, the publishing company will help sponsor the building of three "concept" homes in major housing markets: Cincinnati, Seattle and Washington, D.C. The project will be sponsored in different cities annually. Hanley-Wood's advertisers are donating the materials in exchange for ad space in a supplement that will feature the concept homes, and editorial write-ups that will list their involvement.

Hanley-Wood will then link the project to the consumer market by opening the homes to the public for an admission price. One dollar of the entrance fee will go to the home builders associations in the respective cities. The publishing company will also donate $25,000 to the homeless in each city. Hanley-Wood and its advertisers will get more publicity when the story is run, as an exclusive, in a consumer magazine.

"The commitment to provide something to the reader that is exceptional is the most important thing for a business magazine publisher."

[illegible]

The whole package gives Hanley-Wood and its advertisers the stature of being involved in social change, while promoting home building in the respective markets by encouraging consumer interest.

9. Grow internationally.

While not every American-based business magazine can be exported overseas, many should consider the option. Another option is buying titles overseas, an idea that more American publishers are considering, notes Boddorf.

European companies, because of restrictions on growth in their own countries, have traditionally been more accepting of the idea that they must move into other countries in order to grow. In general, people raised in Europe have been more exposed to other cultures, unlike Americans, who tend to know only the U.S. culture and business practice. To make the transition, American publishers will have to adjust their thinking, explains Boddorf.

IDG is one company that has had no trouble expanding its thinking. Out of the company's 125 publications, 95 are publishing outside the United States, going to 40 countries. The computer magazine publisher launched a magazine for the USSR a year and a half ago, and has been in China since the early 1980s. Hungary and Taiwan are just two of the "emerging" nations that have IDG products.

The company is, in part, heading off the downturn in computer hardware sales by not relying solely on the United States. "We do not anticipate any downturn, especially since we have a lot of diversified activities overseas," explains Leblois. "Their computer markets are much less saturated than in the United States."

IDG prefers to set up its own operations in foreign countries, but licenses operations in smaller countries. The company's goal now is to grow the existing properties, not to expand to more countries. "We are everywhere we should be," says Leblois. IDG expects the most growth in Southern Europe.

Cahners is making a more serious effort in the international market, says Sibley. The company launched *Electronic Business Asia*, based in Hong Kong, this spring, and is expanding the international circulation of many of its business magazines published in the United States. Cahners now has a circulation staff based in Holland.

"America is still viewed as a technological leader," says Sibley, adding that most European managers know English, making European circulation possible for most of the company's titles. But Cahners sees big growth in Asia as well. "Asian and European ad sales and technology sales are projected to grow faster than the U.S. market's," he says.

Despite the challenges that lie ahead, the leading business publishers feel confident that the business magazine industry will emerge stronger in the end. "We are the necessary medium," notes Marino of Penton. "People read other magazines at their discretion, but I can't believe that any professional would not want to be up to date on industry."

But business magazines that want to stay vital will first have to do the right editorial job, then the right selling and marketing, adds Marino. "The future for the business publisher will depend on how smart you publish and the kinds of people you attract to do the right kind of job."☐

The outlook for business publishers

BY ARTHUR ROSENFIELD

BUSINESS DEVELOPMENT GROUP, INC.

- Cahners Publishing, more than any other business magazine publishing company, is poised for a strong future. The reason: The company is committed to the concept of the customer being king. Everything Cahners does centers around the success of the advertiser. The commitments Cahners has made to editorial audits, to placing top quality people in every department and to research are unparalleled.

We can look for Cahners to outpace all other publishers in growth in market share and ad pages.

- CMP Publications is my second choice of companies with a bright future. This is a company that is structured around the concept of good newspaper journalism. There is a network of 200 to 250 editorial people throughout the United States that provides breaking news for CMP titles. The commitment that has been made to gather and distribute information quickly is unparalleled in business publishing.

Beyond just the utilization of technology, CMP has been able to identify niche markets that have been neglected and underdeveloped by other publishers. Its *Business Travel News* is a good example. Here CMP identified the business traveler marketplace and created a successful product. The company's *Communications Week* is one of the fastest growing publications in the country.

- United Newspapers, which owns Miller Freeman and Gralla, is also a strong presence in business publishing. Miller Freeman is the best example of a magazine company that grew because it was not lazy. It has terrific publishing management. Miller Freeman is successful because it has discovered how to build profit centers, such as industry forecast reports, directories, conferences and newsletters, that are a service to its readers. And, the profit responsibility for each of the business areas is delegated to talented management people who understand the products.

I like Gralla because it is in markets I believe are potentially excellent. They have properties in the optometric and ophthalmic areas, which will be important in the future. The company also has retail oriented magazines. Gralla is also in the travel market, which may be a difficult market right now, but overall, is a good one to be in.

The new management philosophy being implemented by president Bob Boucher at Gralla, which parallels the philosophy that made Miller Freeman successful, will also help make the company grow. United Newspapers is committed to growing Gralla, and is a parent company that is willing to invest in publishing. Gralla is already starting to see important increases in revenue and profit.

- Lebhar-Friedman is one of the few publishing companies that has the ability to dominate a market. It is the country's leading publisher of retail trade magazines, and is positioned in very important markets: drugstore, discount store, restaurant. Retail, while periodically going through stresses and strains, is here to stay. Lebhar also has a publication in the retail executive area, cutting across all the retail markets.

- Billboard Publications is another strong bet. This company completely controls the entertainment market. There are not many publications that have the utility value and high regard that *Billboard* has. In addition to *Billboard*, the company also owns *Hollywood Reporter*, *American Film* and *Backstage*. Music is an international business, and Billboard has always been an international company. The secret to *Billboard* has always been the charts that rank top selling music products. The strong Billboard name is also recognizable with consumers, which opens the possibility of selling other music related products or producing joint ventures with other companies.

- Hanley-Wood is probably one of the single most exciting medium-size companies that I can think of because the company's owners and partners are savvy *and* entrepreneurial. The company is in a good market—construction and remodeling—and has built a strong position, even though Cahners has tried hard to cut into its market share.

The strength is the editorial product. *Builder* is an excellent example of service journalism.

- IDG will remain strong in the years ahead because of its international growth. This company has been the most aggressive of all publishers here. It has segmented, sub-segmented and sub-sub-segmented the computer industry. Ziff Davis can't be ignored in this market, but IDG stands out because of its dedication to international publishing.

- The properties of Cap Cities/ABC Publishing are also in a curious position. I like all their business publishing divisions. Fairchild is a wonderful newspaper publisher in its markets. Its position in the home furnishings field and apparel field, with titles like *Women's Wear Daily*, is very powerful. Fairchild has created its own brand of news journalism that is particularly appealing in certain markets. It is best exemplified in the retail and fashion markets.

Chilton obviously has been doing well, based on the performance that we see on the chart in this article, but is the company positioned in future industries? Chilton is strong in automotive, product design and other areas. It has strong publications.

Chilton is like Penton Publishing and Crain Communications in that it is a good traditional company. These companies have been the backbone of business publishing for a long period of time. The question about companies like Chilton, Crain and Penton is whether or not they can adapt. Are the principles of the past enough to propel them into the future? Typically these companies have had a vested interest in the horizontal markets that they developed. Now some of these companies are being picked off by smaller ones that are grabbing sub-segments. These more traditional publishers will have to find niches, or they will lose market strength to those who do. ☐

ANALYSIS OF MAJOR PUBLISHERS

The following analysis is based on estimated page and revenue information. Ad revenue figures may be inflated by as much as 30 percent because of network buys and other pricing strategies.

Parent, Companies, & Markets	# of Titles	Estimated 1989 Ad Pages	Estimated 1989 Gross Dollars	% Change 1988-1989 Pages	% Change 1988-1989 Dollars
Affiliated Publications					
Billboard Publications, Inc.					
Entertainment	1	2,166	16,160,526	11.1	11.1
Interior Design/Furnishings/Space Planning	1	1,081	4,680,098	(18.2)	(0.6)
Photographic	2	287	1,731,796	(7.7)	14.5
Subtotal	**4**	**3,534**	**22,572,420**	**(1.3)**	**8.7**
Boston Venture Management, Inc.					
Bill Communications, Inc.					
Restaurants & Food Service	3	4,587	33,582,629	2.2	4.8
Travel Business Conventions & Meetings	2	2,294	18,978,514	8.8	16.2
Automotive/Service Stations/Garages	2	782	6,332,163	(8.6)	1.6
Plastics & Composition Products	1	949	6,196,651	(9.2)	(4.4)
Business	1	628	4,787,077	(4.6)	1.4
Interior Design/Furnishings/Space Planning	1	737	3,373,845	4.2	5.4
Subtotal	**10**	**9,977**	**73,250,879**	**1.1**	**6.1**
Cap Cities/ABC, Inc.					
Chilton Company					
Automotive/Service Stations/Garages	3	2,242	16,064,884	6.1	11.2
Product Design Engineering	1	740	10,704,058	5.1	13.6
Control & Instrumentation Systems	2	1,153	10,096,592	21.5	31.1
Electronic Engineering	1	1,167	9,707,700	20.1	18.3
Motor Trucks & Accessories	2	1,298	9,413,805	9.3	15.5
Hardware	1	1,406	8,584,497	8.7	12.8
Transportation/Shipping/Traffic	1	991	6,188,587	10.9	19.3
Food Processing & Distribution	1	1,216	5,094,439	(5.3)	1.1
Plant Engineering/Facilities Maintenance/Operations	1	390	4,508,781	(10.3)	(1.7)
Safety/Accident Prevention	1	376	2,771,056	21.9	23.0
Subtotal	**14**	**10,978**	**83,134,399**	**8.3**	**14.5**
(Other markets served by Chilton: Jewelry, Optical.)					
Fairchild Publications					
Home Furnishings	1	4,124	45,557,294	0.8	54.8
Radio & TV	7	4,630	22,447,802	(13.0)	(6.5)
Grocery	2	1,645	17,976,819	(12.2)	(18.8)
Travel Retail	1	2,818	13,285,695	8.0	20.9
Automatic Data Systems	1	1,004	12,217,500	(1.0)	13.7
Electronic Engineering	1	1,223	8,592,800	(10.8)	(6.8)
Metal/Metalworking & Machinery	5	1,763	8,492,504	(5.7)	(1.9)
Subtotal	**18**	**17,208**	**128,570,414**	**(5.2)**	**11.6**
(Other markets served by Fairchild: Clothing, Energy, Housewares, Leather, Linens, Sporting Goods.)					
Hitchcock Publishing Company					
Automatic Data Systems	1	1,004	12,217,500	(1.0)	13.7
Metal/Metalworking & Machinery	2	1,345	6,483,179	(16.3)	(7.4)
Industrial	1	1,009	5,416,670	(1.3)	4.6
Office Equip & Stationery	1	950	4,158,200	7.6	15.3
Industrial Automation	1	351	2,728,000	(13.0)	(11.1)
Subtotal	**6**	**4,659**	**31,003,549**	**(5.5)**	**4.7**
(Other markets served by Hitchcock: Paint and Wallcoverings.)					

Source: Business Development Group, Inc.
Chart represents company performance to the extent that magazines are tracked by Patterson Advertising Reports, C-Systems, Rome Reports, or collected by BDG.

ANALYSIS OF MAJOR PUBLISHERS

Parent, Companies, & Markets	# of Titles	Estimated 1989 Ad Pages	Estimated 1989 Gross Dollars	% Change 1988-1989 Pages	% Change 1988-1989 Dollars
Institutional Investor, Inc.					
Financial	1	1,510	26,151,748	25.2	32.1
Miller Publishing					
Markets served: Farm, Feed, Horse, Lawn & Garden. Data not available.					
CMP Publications					
Automatic Data Systems					
Electronic Engineering	3	8,832	60,237,600	4.9	5.2
Travel Retail	1	2,866	20,392,708	18.6	35.7
Telecommunications Technology	1	2,054	19,011,900	(10.3)	(10.4)
Travel Business Conventions & Meetings	1	1,054	10,559,274	6.6	27.5
Subtotal	**11**	**26,354**	**204,044,382**	**2.1**	**11.3**
(Other markets served by CMP: Healthcare.)					
Crain Communications, Inc.					
Advertising & Marketing	2	3,205	33,085,736	(10.1)	(0.4)
Automotive/Service Stations/Garages	1	2,265	17,513,433	8.8	21.0
Insurance	1	1,611	12,470,865	(1.3)	8.3
Hospital Administration	1	1,728	10,675,750	(3.3)	5.0
Financial	1	839	8,721,016	16.2	26.3
Rubber	1	431	2,416,331	(11.5)	(2.1)
Government & Public Works	1	250	2,150,897	(22.9)	(12.4)
Subtotal	**8**	**10,328**	**87,034,028**	**(2.6)**	**7.2**
Edgell Communications					
Restaurants & Food Service	3	1,643	10,928,736	5.4	7.6
Telecommunications Technology	2	1,789	8,427,600	(18.6)	(4.1)
Hotels/Motels/Clubs/Resorts	1	1,243	7,159,220	(1.7)	0.0
Plastics & Composition Products	4	989	6,452,147	(17.0)	(4.1)
Landscape/Garden Supplies	2	929	4,560,174	5.4	18.4
Travel Business Conventions & Meetings	1	597	3,972,374	(17.3)	25.6
Packaging (Users)	2	435	3,694,208	(1.0)	(1.0)
Automotive/Service Stations/Garages	1	312	2,761,598	12.2	29.1
Bottling	1	380	2,703,199	(8.9)	(1.5)
Petroleum & Oil	2	622	2,543,856	(4.5)	2.1
Stone Products	1	536	2,133,647	3.3	15.5
Packaging Mfrs./Paperboard/Wood Boxes/Barrels	1	579	1,987,395	14.4	28.6
Maintenance	1	527	1,427,200	(1.9)	7.9
Food Processing & Distribution	1	278	1,049,232	(7.3)	1.9
Paper	1	180	685,526	(28.6)	(18.7)
Engineering & Construction	1	165	658,572	(28.7)	(15.6)
Subtotal	**25**	**11,203**	**61,144,684**	**(6.2)**	**4.9**
(Other markets served by Edgell: Medical & Surgical, Motorcycle and Bicycle, Pets, Radio & TV, Roofing, Swimming Pool and Sauna.)					
Elsevier Business Press					
Delta Communications, Inc.					
Packaging (Users)	1	1,179	12,256,809	(10.9)	1.1
Air Conditioning/Heating/Plumbing/Sheet Metal	4	1,769	9,369,580	(2.2)	14.6
Furniture & Upholstery	1	1,446	6,425,879	(7.6)	14.6
Packaging Mfrs./Paperboard/Wood Boxes/Barrels	1	953	3,847,531	1.8	29.4
Subtotal	7	**5,347**	**31,899,799**	**(5.1)**	**10.5**
(Other markets served by Delta: Metal/Metalworking & Machinery.)					

ANALYSIS OF MAJOR PUBLISHERS

Parent, Companies, & Markets	# of Titles	Estimated 1989 Ad Pages	Estimated 1989 Gross Dollars	% Change 1988-1989 Pages	% Change 1988-1989 Dollars
Gordon Publications, Inc.					
Science/Research/Development	3	1,357	13,345,800	5.9	19.8
Chemical & Chemical Process Industries	2	945	8,987,212	26.5	38.8
Mfg.-Industries/Equipment/Products	1	475	6,613,723	3.9	8.7
Metal/Metalworking & Machinery	1	491	5,235,977	(5.2)	2.2
Automatic Data Systems	2	956	4,714,074	38.0	44.1
Electronic Engineering	1	691	2,552,427	2.1	11.6
Materials Handling & Distribution	1	195	2,154,864	29.2	50.7
Aviation & Aerospace	1	159	1,804,956	N/A	N/A
Subtotal	**12**	**5,267**	**45,389,033**	**16.4**	**26.8**
(Other markets served by Gordon: Hospital Administration, Telecommunications, Food Processing and Distribution.)					
Office Systems Magazine					
Office Methods & Management	1	678	3,429,800	6.1	11.3
Gorman Publishing					
Food Processing & Distribution	1	1,693	7,749,085	5.1	9.8
Baking	1	1,134	5,345,580	4.5	12.2
Dairy Products	2	850	3,692,644	24.1	36.6
Grocery	1	229	2,540,218	(6.5)	16.3
Subtotal	**5**	**3,906**	**19,327,527**	**7.7**	**15.7**
(Other markets served by Gorman: International Food Processing, Distribution.)					
Hanley-Wood					
Building	2	2,541	27,250,751	11.3	19.9
Hearst Corporation					
Hearst Business Publishing Group					
Electronic Engineering	3	1,034	6,561,000	(3.3)	3.5
Automotive/Service Stations/Garages	1	610	5,314,725	8.1	9.3
Drugs/Pharmaceutics	1	550	3,647,185	(26.7)	(21.8)
Metal/Metalworking & Machinery	1	980	1,453,805	(9.3)	(3.7)
Subtotal	**6**	**3,174**	**16,976,715**	**(8.4)**	**(2.3)**
(Other markets served by Hearst Business Publishing Group: Medical & Surgical, Floor Covering.)					
Hunter Publishing					
Automotive/Service Stations/Garages	3	804	6,445,793	(4.6)	1.1
Automatic Data Systems	2	1,085	4,095,500	8.5	28.5
Petroleum & Oil	2	578	3,288,397	1.6	8.7
Air Conditioning/Heating/Plumbing/Sheet Metal	1	367	1,060,877	9.8	18.8
Subtotal	**8**	**2,834**	**14,890,567**	**3.2**	**10.4**
IDG Communications					
CW Communications, Inc.					
Automatic Data Systems	3	5,420	74,463,760	(7.8)	0.1
Digital News Publishing					
Automatic Data Systems	1	1,088	8,447,900	(4.0)	14.0
Federal Computer Week					
Automatic Data Systems	1	1,330	9,612,095	10.9	77.3

ANALYSIS OF MAJOR PUBLISHERS

Parent, Companies, & Markets	# of Titles	Estimated 1989 Ad Pages	Estimated 1989 Gross Dollars	% Change 1988-1989 Pages	% Change 1988-1989 Dollars
Infoworld Publishing					
Automatic Data Systems	1	3,544	58,853,300	19.2	54.9
Network World Publishing					
Automatic Data Systems	1	1,626	15,949,600	20.5	56.5
PCW Communications, Inc.					
Automatic Data Systems	2	2,809	41,974,803	(6.2)	13.7
ITOL					
American Banker-Bond Buyer					
Banking	1	1,683	12,146,628	(10.3)	(10.7)
International Thomson Transport					
Railroad	1	572	1,699,066	17.0	20.0
Transportation/Shipping/Traffic	1	359	1,684,053	(24.8)	(24.0)
Subtotal	**2**	**931**	**3,383,119**	**(3.7)**	**(6.8)**
McKnight Medical Communications					
Healthcare	2	740	2,569,349	(8.7)	16.2
Hospital Administration	1	389	1,292,175	(2.2)	19.9
Subtotal	**3**	**1,129**	**3,861,524**	**(6.5)**	**17.4**
Medical Economics					
Medical & Surgical	7	4,635	24,968,000	(18.5)	(19.9)
Drugs/Pharmaceutics	2	1,286	8,413,681	15.9	16.6
Subtotal	**9**	**5,921**	**33,381,681**	**(12.9)**	**(13.1)**
(Other markets served by Medical Economics: Dental, Nursing & Health, Hospital Administration.)					
Patient Care Communications, Inc.					
Medical & Surgical	1	2,060	7,760,000	8.3	15.3
Ward's Communications, Inc.					
Automotive/Service Stations/Garages	2	1,181	6,973,537	0.5	6.3
Irving-Cloud Publishing					
Automotive/Service Stations/Garages	2	534	6,140,994	(41.5)	(4.3)
Motor Trucks & Accessories	1	442	2,821,020	4.8	9.8
Aviation & Aerospace	1	589	2,490,209	13.0	23.5
Engineering & Construction	1	327	2,098,225	(13.0)	(4.8)
Subtotal	**5**	**1,892**	**13,550,448**	**(15.2)**	**2.6**
(Other markets served by Irving-Cloud: Hardware.)					
Kohlberg Kravis, Inc.					
Intertec Publishing Company					
Electrical	4	2,506	16,727,751	(6.8)	1.4
Electronic Engineering	3	2,721	12,984,485	8.7	14.1
Radio & TV	4	2,794	9,868,323	(16.1)	(13.6)
Landscape/Garden Supplies	2	1,151	5,719,406	(2.2)	9.7
Telecommunications Technology	2	1,523	5,216,526	20.0	28.0
Plant Engineering/Facilities Maintenance/Operations	1	529	3,890,385	9.3	(19.4)
Subtotal	**16**	**11,225**	**54,406,876**	**(2.0)**	**1.8**

ANALYSIS OF MAJOR PUBLISHERS

Parent, Companies, & Markets	# of Titles	Estimated 1989 Ad Pages	Estimated 1989 Gross Dollars	% Change 1988-1989 Pages	% Change 1988-1989 Dollars
Telephony Division					
Telecommunications Technology	1	2,501	9,532,400	(5.5)	6.9
Lebhar-Friedman, Inc.					
Restaurants & Food Service	1	2,814	21,825,514	(18.4)	(21.9)
Chain Stores	2	2,216	17,032,841	5.3	12.5
Discount Marketing	1	1,239	12,197,836	25.1	34.1
Building Products	1	1,129	7,934,605	(9.8)	(3.2)
Subtotal	**5**	**7,397**	**58,990,796**	**(5.1)**	**(2.3)**
(Other markets served by Lebhar-Friedman: Drugs /Pharmaceuticals, Retail Business, Department and Specialty Stores.)					
Maclean-Hunter Ltd.					
Lakewood Publications, Inc.					
Advertising & Marketing	1	291	2,891,617	(0.2)	9.8
Aviation & Aerospace	1	315	778,739	(1.1)	2.4
Subtotal	**2**	**605**	**3,670,356**	**(0.7)**	**8.1**
(Other markets served by Lakewood: Education and Adult Training, Public Parks.)					
Maclean Hunter Media, Inc.					
Grocery	1	919	10,315,095	(22.0)	(16.0)
(Other markets served by Maclean Hunter Media: Shopping Centers.)					
Maclean Hunter Publishing Corporation					
Printing & Printing Process	2	967	5,890,413	(14.1)	(6.9)
Packaging Mfrs./Paperboard/Wood Boxes/Barrels	2	1,700	5,782,312	5.9	20.1
Mining	4	1,163	5,322,339	10.4	20.6
Stone Products	1	578	2,334,070	(4.0)	9.6
Engineering & Construction	1	365	1,455,388	0.6	9.0
Subtotal	**10**	**4,774**	**20,784,522**	**0.5**	**9.3**
(Other markets served by Maclean Hunter Publishing: Textiles, Packaging (User), Automatic Data Systems.)					
Maxwell Communications, Inc.					
Travel Retail	4	6,669	23,243,395	0.1	8.7
McGraw-Hill, Inc.					
Byte Publications					
Automatic Data Systems	1	2,950	38,335,200	(1.5)	11.7
McGraw-Hill Publications Company					
Aviation & Aerospace	3	4,173	41,791,191	(0.5)	1.2
Automatic Data Systems	2	2,751	17,445,800	(6.3)	(2.2)
Engineering & Construction	1	1,824	13,904,795	29.2	36.4
Chemical & Chemical Process Industries	1	1,838	12,370,338	9.0	19.7
Architecture	1	1,367	10,640,906	(11.1)	(12.9)
Plastics & Composition Products	1	1,030	7,267,362	(26.3)	(19.7)
Power & Power Plants	2	827	5,219,500	(1.5)	4.0
Subtotal	**11**	**13,810**	**108,639,892**	**(1.4)**	**2.5**

(Other markets served by McGraw-Hill: Healthcare, Employment Opportunities, Medical & Surgical.)

ANALYSIS OF MAJOR PUBLISHERS

Parent, Companies, & Markets	# of Titles	Estimated 1989 Ad Pages	Estimated 1989 Gross Dollars	% Change 1988-1989 Pages	% Change 1988-1989 Dollars
PennWell Publishing Company					
Advanced Technology Group					
Electronic Engineering	1	1,637	6,658,722	22.6	39.5
Automatic Data Systems	1	839	4,730,800	9.1	24.3
Telecommunications Technology	1	351	2,263,700	(16.6)	(5.6)
Subtotal	**3**	**2,827**	**13,653,222**	**12.0**	**24.4**
PennWell Publishing Company					
Electronic Engineering	2	2,377	11,929,500	2.5	11.0
Petroleum & Oil	3	2,143	10,401,356	22.1	34.5
Power & Power Plants	1	424	2,628,909	10.7	15.6
Electrical	1	284	2,143,345	9.2	14.5
Automatic Data Systems	1	248	1,845,059	279.0	329.8
Subtotal	**8**	**5,476**	**28,948,169**	**14.5**	**25.6**
Penton Publishing Company					
G.T. Publications, Inc.					
Government & Public Works	1	200	1,055,011	174.1	187.2
Penton Publishing Company					
Electronic Engineering	2	4,243	23,960,600	(9.7)	6.6
Product Design Engineering	1	3,161	22,604,000	(13.8)	(2.8)
Mfg.-Industries/Equipment/Products	1	1,045	14,819,000	(4.3)	1.5
Restaurants & Food Service	2	2,263	14,714,417	16.6	9.1
Business	1	914	13,456,900	3.2	5.2
Air Conditioning/Heating/Plumbing/Sheet Metal	2	2,058	9,344,045	2.7	9.8
Architecture	1	1,170	8,035,361	(3.7)	(4.8)
Metal/Metalworking & Machinery	4	1,975	8,393,605	1.2	3.0
Radio & TV	1	1,588	5,036,023	3.1	4.7
Aviation & Aerospace	1	1,014	5,687,968	14.6	7.8
Office Methods & Management	1	911	5,706,500	7.2	13.6
Materials Handling & Distribution	1	883	5,362,751	(5.0)	(8.5)
Hotels/Motels/Clubs/Resorts	1	1,043	4,270,875	(17.4)	(19.4)
Government & Public Works	1	508	4,868,109	(15.1)	0.5
Power Transmission Components & Systems	1	912	4,381,980	(7.6)	1.7
Fluid Power Systems	1	864	4,199,314	19.3	27.9
Safety/Accident Prevention	1	831	4,190,655	(1.2)	10.6
Welding	2	1,244	4,066,029	11.6	10.5
Automatic Data Systems	1	668	3,764,300	(3.3)	17.6
Materials	1	488	2,850,015	(20.3)	(11.3)
Physical Distribution	1	409	2,687,666	(23.9)	(15.2)
Subtotal	**28**	**28,192**	**172,400,113**	**(2.9)**	**2.9**
(Other markets served by Penton: School Administration.)					
Putman Publishing					
Chemical & Chemical Process Industries	2	1,223	7,374,259	(15.1)	(5.5)
Food Processing & Distribution	1	1,784	6,023,934	(7.7)	(7.1)
Plant Engineering/Facilities Maintenance/Operations	1	980	5,557,585	(19.6)	(12.9)
Subtotal	**4**	**3,987**	**18,955,778**	**(13.2)**	**(8.3)**

ANALYSIS OF MAJOR PUBLISHERS

Parent, Companies, & Markets	# of Titles	Estimated 1989 Ad Pages	Estimated 1989 Gross Dollars	% Change 1988-1989 Pages	% Change 1988-1989 Dollars
Reed Holdings, Inc.					
Cahners Publishing Company					
Electronic Engineering	8	15,700	100,361,900	(13.2)	(2.3)
Restaurants & Food Service	3	5,135	45,750,607	(5.2)	3.3
Building	1	2,231	26,074,582	(21.3)	(8.1)
Automatic Data Systems	2	2,130	24,314,319	(18.7)	(9.6)
Engineering & Construction	3	1,942	14,624,814	13.6	27.5
Plant Engineering/Facilities Maintenance/Operations	1	1,875	13,896,217	(0.9)	8.6
Interior Design/Furnishings/Space Planning	2	2,824	13,715,313	(10.6)	(10.9)
Industrial Purchasing	1	1,660	13,287,100	(5.9)	1.9
Control & Instrumentation Systems	1	1,571	11,112,900	14.6	27.6
Science/Research/Development	1	1,114	8,978,107	1.5	13.5
Packaging (Users)	1	1,170	8,893,734	(9.3)	3.8
Security	2	1,886	7,606,603	(8.7)	2.3
Architecture	1	1,040	7,371,826	(8.5)	(10.8)
Printing & Printing Process	1	1,163	7,301,106	0.7	12.2
Building Products	1	1,080	6,634,168	(31.2)	(18.8)
Materials Handling & Distribution	1	1,006	6,456,158	(15.2)	(16.3)
Industrial Distribution	1	791	4,315,822	(23.0)	(10.8)
Plastics & Composition Products	1	566	4,124,402	(28.3)	(21.3)
Transportation/Shipping/Traffic	1	717	4,122,000	3.0	4.3
Hotels/Motels/Clubs/Resorts	2	850	4,067,643	(49.5)	(46.7)
Air Conditioning/Heating/Plumbing/Sheet Metal	1	492	3,509,245	(9.0)	7.6
Chemical & Chemical Process Industries	1	606	2,930,985	25.1	42.4
Subtotal	**37**	**47,549**	**339,449,551**	**(11.3)**	**(1.7)**
(Other markets served by Cahners: Medical & Surgical)					
Reed Travel Group					
Travel Retail	2	4,885	53,022,209	0.3	9.8
Travel Business Conventions & Meetings	1	1,665	19,209,705	6.1	12.9
Subtotal	**3**	**6,550**	**72,231,914**	**1.7**	**10.6**
Communications Today					
Serves the Furnishing, Linens, & Domestic markets.	Data not available.				
Variety					
Serves the Entertainment Industry.	Data not available.				
Bowker Magazine Group					
Book & Book Trade	1	2,660	7,300,000	(0.1)	4.1
(Other markets served by Bowker: Education.)					
United Newspapers, plc					
Dealers' Digest, Inc.					
Banking	1	482	2,099,720	(8.3)	(0.7)
Gralla Publications					
Travel Business Conventions & Meetings	2	1,536	15,251,269	9.8	30.5
Building	2	1,133	6,707,966	5.9	22.9
Interior Design/Furnishings/Space Planning	1	1,028	4,397,948	(9.0)	(2.4)
Advertising & Marketing	1	419	3,124,616	(12.4)	(4.1)
Banking	1	579	2,393,488	(7.2)	2.0
Architecture	1	531	2,373,640	(8.4)	(9.0)
Subtotal	**8**	**5,227**	**34,248,927**	**(1.0)**	**14.7**

(Other markets served by Gralla: Giftware, Jewelry, Sporting Goods, Hospital Administration,Textiles and Knits.)

ANALYSIS OF MAJOR PUBLISHERS

Parent, Companies, & Markets	# of Titles	Estimated 1989 Ad Pages	Estimated 1989 Gross Dollars	% Change 1988-1989 Pages	% Change 1988-1989 Dollars
Miller Freeman Publications, Inc.					
Automatic Data Systems	3	2,767	10,173,905	29.9	67.0
Paper	1	1,393	6,302,041	1.7	11.3
Electronic Engineering	2	1,094	4,394,061	(13.2)	(4.6)
Subtotal	**6**	**5,254**	**20,870,007**	**10.4**	**27.6**
(Other markets served by Miller Freeman: Logging and Forest Products, Medical & Surgical)					
Pro Sound, Inc.					
Radio & TV	1	457	1,607,347	(1.2)	(0.8)
Vance Publishing Corporation					
Furniture & Upholstery	1	1,063	4,296,437	(12.9)	(3.5)
Building Products	1	678	3,576,605	(29.7)	(13.9)
Subtotal	**2**	**1,741**	**7,873,042**	**(20.3)**	**(8.5)**
(Other markets served by Vance: Beauty and Hairdressing, Jewelry, Produce.)					
Ziff Communications Co.					
Coastal Associates Publishing					
Automatic Data Systems	1	6,050	35,502,000	19.6	62.7
Ziff-Davis Publishing Company					
Automatic Data Systems	4	14,766	275,376,000	(4.7)	40.2
Government & Public Works	1	1,454	12,900,542	(3.6)	7.2
Subtotal	**5**	**16,220**	**288,276,542**	**(4.6)**	**38.3**

Source: Business Development Group, Inc.
Chart represents company performance to the extent that magazines are tracked by Patterson Advertising Reports, C-Systems, Rome Reports, or collected by BDG.

LF
A·B·C
P
ANNERS

Business press

(CONTINUED FROM PAGE 170)

Preliminary estimates for 1990 indicate that billings will increase to $4.40 billion, with ad pages flat or slightly down.

A number of markets have shown major growth in the last five years in the number of titles, as publishers continue to pursue business opportunities.

SRDS category	Number of publications 1/1/85	 1/190
Automatic data systems	80	127
Building	37	43
Business	24	56
Financial	23	32
Grocery	28	39
Journalism and publishing	6	19
Legal	11	23
Pollution	4	15
Telecommunications	17	34
Medical/surgical	286	383

Strong profit margins

Profit margins for ABP publications held up remarkably well through 1988. Analyses of annual cost studies that tabulated operating results for a large number of ABP publications indicate that margins (*i.e.*, profits as a percentage of sales before interest and taxes) held steady from 1985 through 1988.

Year	Reporting publications	% profit margin
1988	289	16.58
1987	290	15.48
1986	294	17.50
1985	234	14.82

Because ABP's membership represents the larger, more successful publishers of specialized business and professional publications, these results may not be truly representative. ABP publication figures for 1989 will soon be available. Margins are under pressure because of increasing costs and flat pages on many titles. Profitability will vary from market to market as pages grow or level off.

Asset valuation

Multiples paid for business publications by acquiring companies remain very high, reflecting the premium value placed on the relative stability and strong cashflow of specialized business and professional publications. Veronis & Suhler, in its transaction database, shows that public transactions for high-quality business publications with a leading share of a growing market command between 1.7 and 2.0 multiples of sales.

	Multiple*		
Year	Simple average	Median	Weighted average
1989	2.25	2.07	3.43
1988	1.26	1.48	1.50
1987	1.97	1.91	2.30
1986	1.47	1.00	1.77
1985	1.63	1.54	2.09
1984	2.11	1.60	4.65

*Individual transactions in any given year can cause wide swings in these multiples.

Revenue forecasts

The outlook for the nineties suggests that business press revenues, which started out flat in early 1990, will experience moderate increases commencing in the fall and continuing for the next several years at a rate of 6 to 7 percent per year. At this level, revenue increases will support strong profit margins and allow for investment in established properties.

Year	Revenue estimate	% increase
1989	$4.23 billion	
1990	4.40 billion	4
1991	4.66 billion	6
1992	4.99 billion	7

With continued new-product growth at a rate below that of the last five years, the total dollars invested in the business press should surpass $5 billion by 1992.

Year	% rev. growth	Rev.	% pub. growth	Rev.
1990	4	$4.40MM	2	$4.49MM
1991	6	4.76MM	2	4.86MM
1992	7	5.20MM	2	5.30MM

Based on the foregoing facts, my assumption appears to be valid: The business and professional magazine publishing industry, while not without problems, is basically healthy and growing. □

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Business press: How are we doing?

Popular wisdom to the contrary, the business and professional magazine industry is healthy and growing

BY JOHN EMERY

Although recent articles in the trade press suggest that advertising pages in specialized business and professional publications are on a downward spiral with no end in sight, it is my belief that both advertising pages and dollars invested in the pages of the business press are healthier than generally assumed and poised for an upswing in the nineties. This belief is based on data I have examined since June 1989, when I took over the presidency of the Association of Business Publishers (ABP) and established as one of my first priorities to determine just where the business press was and where it was heading.

The highly entrepreneurial and diverse nature of business and professional publishing and the high number of publications in the market make it difficult to define precisely that market's dimensions. Although there has been growth in the number of publications in the larger companies through both acquisition and start-up, there are more publishing companies overall and more magazines every year. However, no single organization tracks the advertising page performance of all the publications in the market; in fact, many publications are not tracked at all. For example, there are 766 publications with primary listings in the Medical/Surgical sections of SRDS (BPRD), of which only 387 are tracked (by Perq Research Corporation, a firm specializing in following the medical group).

Aside from medical publications, there are another 3,433 publications with primary listings in SRDS. LNA/Rome, a leading space-tracking organization, tracks only 640, leaving 2,793 untracked. ABP, with its larger, more profitable publishers, restricts its membership to audited, for-profit publications. At the end of 1989 ABP had 588 member publications out of a potential universe of 1,310 publications—and so on.

Recent analyses tracking the ad revenue and advertising page history of a constant list of publications indicate declining page volumes for those magazines, but they do not measure the growth and vitality of the marketplace as a whole. Given the increase in titles in the specialized business press over the past several years, it is probable that pages and dollars in the total market are increasing, even though some individual market segments may show declining page volume.

Enumerated in the charts in this article are certain knowns about the marketplace. The ABP tracks some of this data, and Standard Rate & Data Service, LNA/Rome Reports and Perq Research Corporation have supplied additional information. Jim Boddorf of Veronis & Suhler and Arthur Rosenfield, president of Business Development Group, were also helpful in evaluating the data.

The publication universe

As of December 31, 1989, SRDS listed 4,199 publications with primary listings in the business edition. Of these, 2,784 were published by for-profit companies, but only 1,310 were audited by an accredited auditing bureau. In addition, there are 792 association publications and 470 annuals. In 1989, there were 588 ABP members. To get an idea of the change in the numbers since 1985, see the chart on this page.

The 4,199 publications listed in SRDS's business edition as of December 31, 1989, represent an increase of 460 publications, or 12 percent, over a four-year period. There was a net addition to the primary listings in SRDS in each of those four years.

ABP's best estimate, based on information from diverse sources, of the advertising billings in the business press for 1989 is $4.23 billion.

(CONTINUED ON PAGE 169)

The changing publication universe

Year	SRDS	For profit	Audited	Non-audited	Annuals	Assns.	ABP members
1989	4,199	2,784	1,310	1,474	470	792	588
1988	4,054	2,685	1,301	1,384	n/a	n/a	560
1987	3,934	2,593	1,250	1,343	n/a	n/a	489
1986	3,775	2,540	1,212	1,328	n/a	n/a	480
1985	3,739	2,309	1,110	1,190	n/a	n/a	475

John Emery is president of the Association of Business Publishers.

C4325-1

Editorial salary survey . . . see page 110

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Outstanding magazine circulation promotion

FOLIO:'s Seventh Circulation Direct Marketing Awards program honors outstanding magazine circulation promotion. It recognizes innovation and creativity in packages that also command attention. Here, leading circulation executives point out what makes a Gold Award winner, and why. 87

Business press's tough times continue

Ad pages for the first half of 1990 remain flat, according to publishers at the American Business Press's annual convention. Publishers are forced to rethink strategies, market more creatively and seek new cost-cutting measures. They say having a good magazine is no longer enough. 19

Defending the trade ad budget

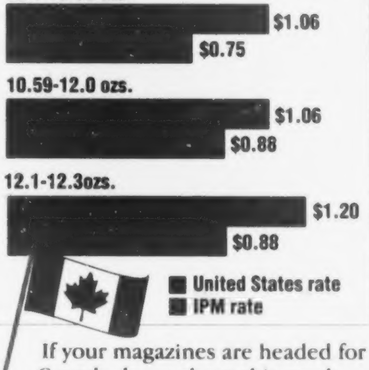
No budget line is more naked to the knife than trade advertising. But cutting back on trade advertising is a good way to cut your magazine's chances of surviving in tough economic times. 122

McGraw-Hill: Custom magazines on the way?

Now that McGraw-Hill's book division is putting together custom textbooks for colleges, it's possible that the company's business titles could follow suit, tailoring to readers' interests. 20

It pays to drop in Canada

Rates in U.S. dollars



If your magazines are headed for Canada, learn about this newly available rate—International Publications Mail. 135

JULIE MCWILLIAMS

unfold ➤

June 1990

PAUL MCGUIRK

Skipper embarks on new course at *Spin* 37

The *Rolling Stone* veteran and former *US* publisher has Bob Guccione Jr. talking about a record year. After a rocky start, *Spin* appears to be headed out of the trenches, armed with Skipper's ambitious circulation strategy.

Controlling the negotiation 98

Printing contract negotiations set the tone for your relationship with your most important supplier. So don't go to the table thinking you're going to war.

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The New Yorker and the now-defunct *7 Days* were the talk of the National Magazine Awards luncheon.

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The road to pages
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For $2,000 a month in color separation and stripping costs, *New Dimensions* is producing a magazine with 75 pages of color. How good is it? Judge for yourself. 75

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Vol. 19 No. 6

Folio:

THE MAGAZINE FOR MAGAZINE MANAGEMENT

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FOLIO:'S

1990 editorial salary survey

Bonuses are going to more editorial employees, and and despite budget concerns in the industry, most editorial employees are faring well

BY ROBERT M. STEED

That old bugaboo, the budget, was most frequently cited as their biggest editorial challenge by the 589 editorial professionals who responded to this survey. That should come as no surprise, given the uncertain economic climate facing the magazine industry, heightened competition, and strong pressures to do more with less.

On the other hand, despite budget concerns, the salaries and bonuses paid to these respondents do not appear to have fared badly. Senior/associate editors report average increases between 1989 and 1990 of 9.8 percent, while all other job categories show increases over 7 percent. Those are solid salary gains, clearly outpacing the inflation rate of under 5 percent. Furthermore, since 1985 (when FOLIO: began these annual surveys), the average salary of all categories except managing editor has increased between 28 and 31 percent. (The increase for managing editors was 15 percent and may reflect a statistical anomaly.)

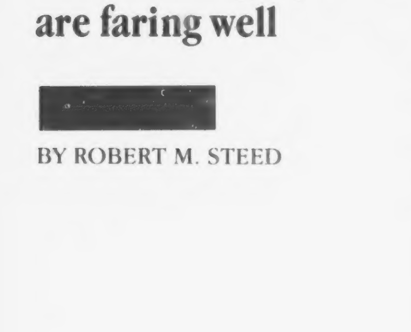
For journalists, as for other professionals and executives in magazine publishing, individual talent is an important determinant of pay—one that won't show up in any survey. Other, more measurable, factors do. Following is a summary of the factors that seem to have a strong effect on pay across all or most of the five job categories surveyed.

- *Experience*: Number of years in editorial work bears the clearest, most direct correlation to salary, across all categories.
- *Magazine type*: Business magazines pay more, sometimes substantially more, than consumer magazines in every category except art director.
- *Magazine size*: The size measure that correlates most directly to pay is number of editorial pages; however, there is not a dramatic difference in pay between the smallest and largest magazines. Other size measures (*e.g.*, circulation) do not appear to have as direct an impact.
- *Frequency*: Salaries of editorial employees on weeklies and biweeklies are consistently higher than salaries of comparable employees on magazines with other frequencies. Total compensation is often substantially higher, suggesting that bonuses for employees of weeklies and biweeklies are bigger than those paid by other magazines.
- *Region*: The Northeast is almost always the leader in pay; the South Atlantic is almost always last or next-to-last.
- *Sex*: Men consistently earn more than women. But the gradual catch-up of women's salaries appears to be continuing, according to this year's data—with much progress still to be made. (As noted in the box, "Using the numbers," year-to-year comparisons of the data should be made with caution.)

Differences in average pay levels among the job categories surveyed are not as large as might be seen in other publishing jobs. Editorial managers earn 33 percent more than editors, in salary and total compensation; editors make 15.6 percent more in salary and 26 percent more in total compensation than managing editors; and managing editors average 12 per-

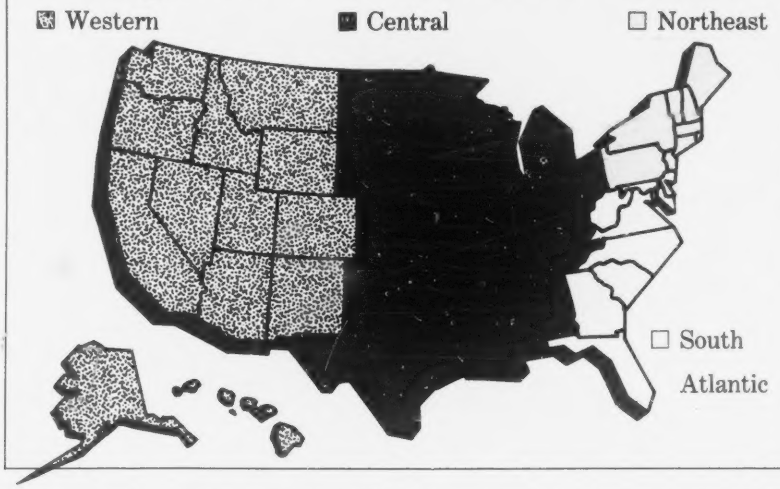
---

Robert M. Steed is managing director of Performance Plus . . . Inc., a New York-based consulting firm that uses improvisational dramatizations to provide corporate clients with a broad range of programs for seminars, conferences, training courses and communications efforts. Before co-founding Performance Plus . . . , he was vice president and director of personnel of Time Inc.



ILLUSTRATIONS BY EARL KELENY

The regions have been divided as follows:



cent more than senior/associate editors. These somewhat narrow differentials probably reflect the traditional impact that talent and craftsmanship have on editorial compensation.

Editorial management

Editorial managers average about $59,900 in salary; those who receive a bonus average almost $69,000 in total compensation. Managers on business magazines earn a whopping $11,000 (20 percent) more in salary than their consumer counterparts. This result appears to be caused by the consumer sample's disproportionate number of women and people with less experience working in small departments. But, since the survey methodology examines only one variable at a time (see "Using the numbers"), that assumption cannot be verified.

Unlike every other category, the West leads in the compensation race among editorial managers—by $5,000 over the usual leaders in the Northeast and $17,000 over the lowest paying region, the South Atlantic.

One-third of editorial managers in this survey are female, and their salaries average 80.5 percent of men's. However, a larger percentage of women than men are eligible for a bonus, and their total compensation moves up to 83 percent of men's.

Size of the magazine, no matter how it is measured, bears a direct relationship to pay—at least when one examines the extremes of the very smallest and very largest. However, between the top and bottom, the correlation is often not so smooth. For example, while salary rises from $52,000 for managers on magazines with circulations up to 20,000, to $94,000 for those on magazines with over 500,000 in circulation, average salary actually declines slightly as circulation rises for some of the interim circulation groupings.

Experience has a strong impact on pay, with salary more than doubling for those with more than 20 years' experience compared to those with less than four years' experience. The size of the manager's department is also a key determinant, with salary of those with a staff of over 10 being 2.3 times as high as those who supervise no one.

Editor

The pay of editors follows many of the same patterns as their bosses' pay. For example, experience provides the most direct correlation with editors' pay, which rises steadily from about $30,000 for those with up to four years' experience to almost $61,000 for those with over 20. And the size of the department has an even stronger impact—with salary almost tripling from about $29,400 in the smallest department to over $89,100 in the largest.

> **"Recent 'writers' have not been schooled in reportage; and recent 'reporters' have not been schooled in sharp writing."**
>
> —Editorial manager in the South, earning nearly $45,000 in salary only.

Impact of size is also reflected in data on number of editorial pages, with editors on magazines running 1,000 or more pages earning salaries of $55,828, or 50 percent more than

Using the numbers

It is important to use the salary information in this survey cautiously. In many instances there were not enough respondents in certain subcategories to allow valid conclusions to be reached, because even one exceptionally high or low salary could affect the average dramatically. FOLIO: is publishing the number of respondents in each cell (shown in parentheses).

In addition, not all respondents answered all questions. Therefore, the total number of respondents in the "average" column of a chart is not necessarily the sum of the subcategories.

The survey also examines only one variable at a time. For example, editorial managers in the West earn higher salaries than their peers in other regions. But are those in the West who participated in the survey working on larger magazines? Are they the ones with the most experience? The survey methodology does not enable these multiple variables to be analyzed.

While comparisons with results from prior surveys may indicate trends, one should be cautious about conclusions reached in such comparisons. Since the sample is drawn randomly from mastheads each year, those who responded to this survey may come from a different mix of magazines or demographics than respondents to prior surveys. Comparisons are thus best made not on the broad averages, but on the more detailed breakdowns by magazine size, respondents' experience, and the like.

"Magazines must be well targeted to survive these days. The great challenge lies in finding the right editorial voice to differentiate your book from all the others."

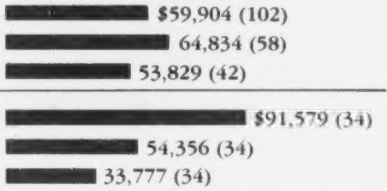
—Editorial manager in the Northeast, with more than 10 years' experience, earning salary and bonus in the mid-sixties.

[redacted]

Editorial management

(Editor and publisher, editor in chief, editorial director): Sets editorial policy. May hold other titles; may be in charge of other products and other departments in addition to editorial. The editor reports to this individual.

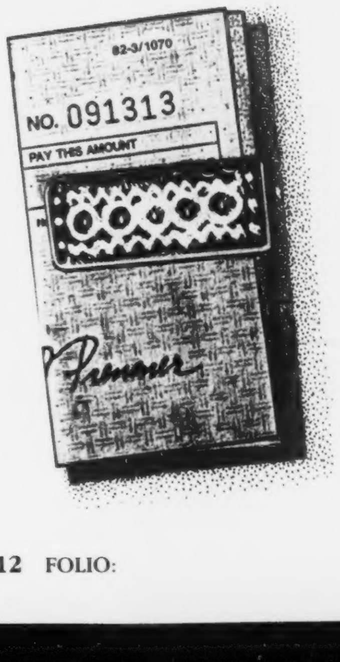
Average salaries (The number of respondents is in parentheses.)



	Average salaries	% incre. from '89 to '9.
All respondents	$59,904 (102)	7.7%
Business	64,834 (58)	8.4
Consumer	53,829 (42)	6.5
Top one-third	$91,579 (34)	
Middle one-third	54,356 (34)	
Bottom one-third	33,777 (34)	

	Average	Average business	Average consumer
By region:			
Northeast	$61,407 (46)	$63,813 (31)	$56,433 (15)
South Atlantic	49,889 (9)	54,500 (2)	49,000 (6)
Central	56,272 (28)	68,039 (18)	34,214 (9)
Western	66,717 (18)	64,750 (6)	67,700 (12)
By sex:			
Male	$64,051 (68)	$67,116 (45)	$58,740 (22)
Female	51,610 (34)	56,938 (13)	48,428 (20)
By years in editorial:			
Up to 3	$36,850 (10)	$30,125 (4)	$41,333 (6)
4-10	50,786 (28)	52,719 (16)	48,208 (12)
11-20	59,961 (33)	61,290 (20)	60,357 (11)
More than 20	78,200 (25)	86,288 (16)	63,822 (9)
Eligible for bonus:			
Yes	$59,725 (55)	$62,562 (37)	$54,356 (17)
No	60,114 (47)	68,838 (21)	53,471 (25)
Responsible for:			
One magazine	$63,870 (55)	$71,838 (32)	$53,093 (22)
More than one	56,142 (45)	57,344 (25)	54,639 (20)
By editorial personnel supervised:			
None	$39,000 (8)	$50,000 (2)	$35,333 (6)
One	40,261 (11)	38,929 (7)	42,594 (4)
2-5	55,794 (41)	63,196 (23)	46,356 (17)
6-10	68,931 (32)	70,067 (21)	66,764 (11)
More than 10	91,000 (9)	92,600 (5)	89,000 (4)
By circulation:*			
Up to 19,999	$52,000 (19)	$53,722 (18)	$21,000 (1)
20,000-49,999	51,557 (28)	56,933 (12)	47,627 (15)
50,000-99,999	65,125 (19)	70,909 (11)	57,172 (8)
100,000-499,999	62,050 (25)	72,680 (15)	46,105 (10)
500,000 or more	94,000 (8)	175,000 (1)	82,429 (7)
By frequency:*			
Weekly/biweekly	$73,767 (15)	$76,567 (9)	$74,280 (5)
Monthly	61,911 (59)	67,562 (37)	52,406 (22)
Other	49,154 (26)	47,625 (12)	50,464 (14)
By average editorial pages:*			
Up to 499	$53,209 (44)	$56,012 (25)	$49,520 (19)
500-999	60,576 (27)	64,250 (16)	55,232 (11)
1,000 or more	70,500 (25)	75,650 (14)	65,740 (10)

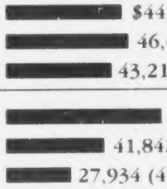
*Refers to the largest circulation magazine on which respondent works.



Editor

Responsible for editorial direction and content, including art, text and cover of one or more magazines.

Average salaries (The number of respondents is in parentheses.)



		% increase from '89 to '90
All respondents	$44,937 (125)	7.6%
Business	46,475 (66)	6.9
Consumer	43,217 (59)	8.4
Top one-third	$65,524 (41)	
Middle one-third	41,842 (42)	
Bottom one-third	27,934 (42)	

	Average	Average business	Average consumer
By region:			
Northeast	$51,883 (47)	$53,778 (27)	$49,324 (20)
South Atlantic	40,044 (19)	43,718 (8)	37,373 (11)
Central	43,388 (34)	42,596 (23)	45,045 (11)
Western	36,692 (24)	35,738 (8)	37,169 (16)
By sex:			
Male	$48,558 (74)	$48,808 (38)	$48,294 (36)
Female	39,683 (51)	43,309 (28)	35,269 (23)
By years in editorial:			
Up to 3	$29,979 (14)	$29,333 (6)	$30,463 (8)
4-10	39,953 (52)	42,423 (28)	37,071 (24)
11-20	51,876 (47)	51,833 (24)	51,921 (23)
More than 20	60,930 (10)	57,438 (8)	74,900 (2)
Eligible for bonus:			
Yes	$46,928 (64)	$46,526 (29)	$47,262 (35)
No	42,848 (61)	46,435 (37)	37,317 (24)
Responsible for:			
One magazine	$43,319 (85)	$45,622 (46)	$40,602 (39)
More than one	48,376 (40)	48,437 (20)	48,315 (20)
By editorial personnel supervised:			
None	$29,373 (15)	$29,638 (8)	$29,071 (7)
One	37,554 (28)	36,674 (14)	38,434 (14)
2-5	42,248 (52)	47,538 (26)	36,958 (26)
6-10	56,457 (21)	54,391 (11)	58,730 (10)
More than 10	89,125 (8)	75,500 (6)	130,000 (2)
By circulation:*			
Up to 19,999	$33,260 (15)	$35,909 (11)	$25,975 (4)
20,000-49,999	35,565 (42)	38,148 (24)	32,122 (18)
50,000-99,999	49,692 (24)	56,379 (14)	40,330 (10)
100,000-499,999	55,258 (36)	56,912 (17)	53,778 (19)
500,000 or more	56,800 (7)	0 (0)	56,800 (7)
By frequency:*			
Weekly/biweekly	$53,207 (14)	$60,650 (10)	$34,600 (4)
Monthly	44,539 (73)	44,889 (38)	44,159 (35)
Other	42,654 (38)	41,947 (18)	43,290 (20)
By average editorial pages:*			
Up to 499	$37,352 (45)	$38,962 (25)	$35,340 (20)
500-999	46,128 (49)	49,679 (24)	42,719 (25)
1,000 or more	55,828 (29)	56,267 (15)	55,357 (14)

*Refers to the largest circulation magazine on which respondent works.

those working on magazines with up to 500 pages. Salary also rises as circulation increases, but the differences are not dramatic.

Editors on business publications earn larger salaries than their consumer counterparts, by $3,258 (or 7.5 percent). However, on a total compensation basis, sharply larger bonuses on consumer publications reverse that outcome, with consumer magazines paying salary plus bonus almost $4,500 (9.1 percent) higher than business magazines pay.

Female editors earn 82 percent as much as men. However, the ratio of total compensation sinks to 71 percent because women receive smaller bonuses, even though a greater percentage of women than men are eligible for bonuses.

Managing editor

Compensation data for managing editors reflect the same basic trends as for editors and managers. Those on business publications earn higher salaries, by about $3,500, or 9.5 percent. Their bonuses are also larger, meaning total compensation for managing editors on business magazines is over $6,000, or 16.7 percent, higher than for those on consumer magazines.

> **"It's hard to maintain enthusiasm for my role on the magazine as the ownership continues cutbacks."**
>
> —Editor working on a business monthly with a circulation of about 90,000, earning roughly $4 0,000 in salary alone.

[redacted]

As it is for almost every other category, the Northeast is the place to be, with salaries there ranging from 20 to 42 percent higher than salaries in other regions. Also, weeklies and biweeklies pay their managing editors more, especially on a total compensation basis, than magazines with other frequencies.

Women represent a clear majority of managing editors; and their salary and total compensation are almost equal to men's, at 96.7 and 97.5 percent, respectively. Experience remains the most telling, consistent pre-

> **"After 20-plus years of using a typewriter and a ballpoint pen, adapting to desktop publishing is a huge challenge, and sometimes a battle."**
>
> —Managing editor in the Northeast, working on a business monthly, earning over $45,000 in salary only.

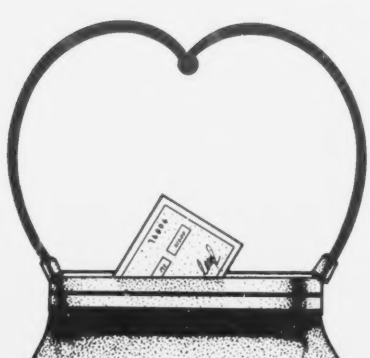
Managing editor

Coordinates editorial, art and production departments to ensure that the magazine is put out on time and in an acceptable form. Oversees the copy editing and proofreading staff to make sure the magazine is factually and grammatically correct.

Average salaries (The number of respondents is in parentheses.)		% increase from '89 to '90
All respondents	$38,861 (118)	7.2%
Business	40,343 (68)	7.8
Consumer	36,847 (50)	6.3
Top one-third	$54,612 (39)	
Middle one-third	36,303 (39)	
Bottom one-third	26,000 (40)	

	Average	Average business	Average consumer
By region:			
Northeast	$44,670 (49)	$45,023 (26)	$44,272 (23)
South Atlantic	34,735 (17)	39,800 (8)	30,233 (9)
Central	37,023 (31)	37,750 (26)	33,240 (5)
Western	31,362 (21)	34,103 (8)	29,675 (13)
By sex:			
Male	$39,647 (51)	$42,612 (26)	$36,563 (25)
Female	38,264 (67)	38,938 (42)	37,130 (25)
By years in editorial:			
Up to 3	$29,108 (17)	$29,403 (8)	$28,847 (9)
4-10	34,225 (47)	36,830 (23)	31,728 (24)
11-20	43,838 (36)	43,887 (23)	43,750 (13)
More than 20	51,065 (17)	46,543 (14)	72,167 (3)
Eligible for bonus:			
Yes	$38,663 (47)	$41,430 (24)	$35,776 (23)
No	38,993 (71)	39,750 (44)	37,759 (27)
Responsible for:			
One magazine	$39,498 (95)	$40,220 (56)	$38,460 (39)
More than one	36,234 (23)	40,917 (12)	31,125 (11)
By editorial personnel supervised:			
None	$30,986 (17)	$29,650 (12)	$34,192 (5)
One	31,721 (19)	33,318 (11)	29,525 (8)
2-5	37,842 (54)	42,456 (27)	33,229 (27)
6-10	44,700 (21)	46,621 (14)	40,857 (7)
More than 10	73,667 (6)	63,333 (3)	84,000 (3)
By circulation:*			
Up to 19,999	$29,515 (17)	$31,542 (12)	$24,652 (5)
20,000-49,999	37,823 (24)	40,269 (16)	32,930 (8)
50,000-99,999	39,841 (25)	43,062 (18)	31,557 (7)
100,000-499,999	39,039 (42)	43,138 (21)	34,940 (21)
500,000 or more	54,050 (10)	39,500 (1)	55,667 (9)
By frequency:*			
Weekly/biweekly	$45,087 (15)	$48,418 (11)	$35,925 (4)
Monthly	39,681 (75)	40,062 (44)	39,139 (31)
Other	33,333 (28)	34,462 (13)	32,354 (15)
By average editorial pages:*			
Up to 499	$33,340 (26)	$32,780 (10)	$33,691 (16)
500-999	38,248 (57)	39,430 (37)	36,060 (20)
1,000 or more	44,285 (34)	45,552 (21)	42,237 (13)

*Refers to the largest circulation magazine on which respondent works.



Senior/associate editor

Plans and writes features and other articles. May head editorial feature department and may oversee other editorial employees, freelance writers and designers. Keeps abreast of trends and news; is responsible for all editorial work in assigned subject area.

Average salaries (The number of respondents is in parentheses.)

		% increase from '89 to '90
All respondents	$34,682 (107)	9.8%
Business	35,589 (58)	7.8
Consumer	33,798 (48)	12.6
Top one-third	$49,466 (35)	
Middle one-third	31,422 (36)	
Bottom one-third	23,568 (36)	

	Average	Average business	Average consumer
By region:			
Northeast	$38,686 (48)	$44,525 (22)	$34,116 (25)
South Atlantic	29,659 (17)	27,600 (12)	34,600 (5)
Central	31,210 (30)	30,411 (18)	32,408 (12)
Western	34,458 (12)	34,333 (6)	34,583 (6)
By sex:			
Male	$38,474 (35)	$41,625 (20)	$34,273 (15)
Female	32,838 (72)	32,412 (38)	33,582 (33)
By years in editorial:			
Up to 3	$27,128 (30)	$28,116 (15)	$26,257 (14)
4-10	32,377 (49)	32,706 (31)	31,811 (18)
11-20	42,255 (22)	42,188 (8)	42,293 (14)
More than 20	63,500 (6)	72,750 (4)	45,000 (2)
Eligible for bonus:			
Yes	$33,322 (41)	$35,319 (27)	$29,471 (14)
No	35,526 (66)	35,824 (31)	35,579 (34)
Responsible for:			
One magazine	$35,575 (81)	$36,103 (46)	$35,185 (34)
More than one	31,900 (26)	33,617 (12)	30,429 (14)
By editorial personnel supervised:			
None	$32,985 (54)	$33,056 (34)	$33,305 (19)
One	30,817 (14)	31,507 (6)	30,300 (8)
2-5	34,876 (34)	33,836 (14)	35,605 (20)
More than 5	62,500 (5)	69,375 (4)	35,000 (1)
By circulation:*			
Up to 19,999	$28,792 (12)	$28,550 (10)	$30,000 (2)
20,000-49,999	29,718 (24)	30,802 (19)	25,600 (5)
50,000-99,999	34,121 (14)	36,333 (9)	30,140 (5)
100,000-499,999	34,603 (33)	37,641 (17)	31,375 (16)
500,000 or more	45,195 (21)	75,500 (3)	40,144 (18)
By frequency:*			
Weekly/biweekly	$46,529 (17)	$51,583 (12)	$34,400 (5)
Monthly	32,231 (67)	30,650 (34)	33,860 (33)
Other	33,452 (22)	33,587 (12)	33,290 (10)
By average editorial pages:*			
Up to 499	$30,442 (20)	$30,489 (14)	$30,333 (6)
500-999	34,664 (36)	36,060 (20)	32,918 (16)
1,000 or more	34,528 (32)	34,886 (14)	34,250 (18)

*Refers to the largest circulation magazine on which respondent works.

dictor of salary, which rises from about $29,100 for new managing editors to about $51,000 for those with 20 years' experience.

Among size criteria, number of editorial pages has a steady correlation with compensation. However, both circulation and number of employees supervised show only small changes in compensation until the largest grouping is reached, where there is a substantial jump in salary.

Bonuses have less of an impact on the pay of managing editors than on the pay of their bosses. Only about 40 percent of managing editors are eligible for a bonus, compared with over 50 percent of editors and managers. Moreover, the average total compensation of managing editors who receive a bonus is only about $1,900 more than the salary of those who receive no bonus—while there is an $8,700 difference in the comparable numbers for editors and managers.

Senior/associate editor

In this job category, correlations of compensation with demographic criteria are very similar to those in the other categories. However, criteria relating to size of the publication are much less closely related to pay.

> **"Editorially, our main problem is the 'ivory tower' syndrome: We don't have the $ to leave our office to find out what's going on."**
>
> —Senior/associate editor on a small business monthly, earning salary alone in the high teens

[redacted]

Experience is once again clearly and directly related to salary, which moves steadily up from $27,128 for new employees to $63,500 for those with 20-plus years in the business. The salary of women, who comprise 67 percent of the sample, is 85 percent of the salary of men. But the total compensation of women who receive a bonus is only 64 percent of men's, reflecting bonus payments to male senior/associate editors 4.5 times larger than those paid to women.

The Northeast is, again, the highest paying region, with average salaries about $4,000 more than in the West, and about $9,000 more than in the South Atlantic (the lowest paying region once again).

Overall, incentives are not an important factor for senior/associate editors. Only 38 percent of them are eligible for a bonus. The average salary of those who are not eligible is $2,200 (6.6 percent) more than those who are eligible; and total compensation for those who receive a bonus is only $1,000 (3 percent) more than for those who don't.

Smaller circulation magazines show relatively small variances in pay among senior/associate editors. Only when circulation is at the 500,000 and up level does pay jump appreciably. Even average editorial pages bears relatively little relationship to pay in this job category, rising from $30,422 for magazines averaging less than 500 pages to only $34,528 for those averaging over 1,000 pages.

Art director

Although art directors come from a different discipline than editors, most of the factors that determine their pay appear to be the same. However, three areas show significant differences from the other four job categories surveyed here:

- Art directors on consumer magazines are paid more than those on business publications, by over $3,000 (8.4 percent).
- The salary of art directors who do not receive a bonus is larger, by almost $1,700, than the salary plus bonus of those art directors who do receive a bonus.
- Art directors on publications with "other" frequencies don't bring up the rear. They are paid more than art directors on monthlies, but those on weeklies and biweeklies still lead the pack.

Experience, once again, clearly correlates with pay. However, those with very long service—over 20 years—are paid only slightly more than those with 10 to 20 years. As usual, it pays to be in the Northeast, although the salary lead of that region over the others is not as sizable as it is in the other categories.

Women art directors lag in pay, receiving 80.2 percent of the salary of men, a gap of about $8,500. When bonuses are taken into account,

Art director

Oversees all editorial art and design work for the magazine. Oversees art production. Also heads photography and illustration.

Average salaries (The number of respondents is in parentheses.)

		% increase from '89 to '90
All respondents	$38,418 (93)	7.6%
Business	36,955 (44)	7.0
Consumer	40,082 (47)	8.4
Top one-third	$51,687 (31)	
Middle one-third	37,446 (31)	
Bottom one-third	26,121 (31)	

	Average	Average business	Average consumer
By region:			
Northeast	$42,041 (36)	$40,300 (19)	$43,987 (17)
South Atlantic	37,886 (14)	46,000 (5)	35,050 (8)
Central	33,000 (17)	26,656 (9)	40,138 (8)
Western	37,231 (26)	35,491 (11)	38,186 (14)
By sex:			
Male	$42,779 (45)	$41,100 (22)	$44,447 (22)
Female	34,330 (48)	32,809 (22)	36,242 (25)
By years in editorial:			
Up to 3	$30,689 (18)	$28,340 (10)	$33,625 (8)
4-10	38,572 (48)	38,475 (24)	38,481 (23)
11-20	45,456 (16)	45,440 (5)	48,010 (10)
More than 20	46,500 (7)	39,000 (4)	56,500 (3)
Eligible for bonus:			
Yes	$36,214 (47)	$35,016 (25)	$38,184 (20)
No	40,670 (46)	39,505 (19)	41,489 (27)
Responsible for:			
One magazine	$39,415 (41)	$38,228 (18)	$40,345 (23)
More than one	37,632 (52)	36,073 (26)	39,831 (24)
By design/art personnel supervised:			
None	$31,336 (15)	$30,414 (7)	$33,876 (7)
One	37,304 (26)	35,092 (13)	39,515 (13)
2-5	40,493 (46)	39,614 (21)	41,158 (24)
More than 5	45,040 (6)	41,667 (3)	48,413 (3)
By circulation:*			
Up to 19,999	$32,167 (6)	$32,167 (6)	$ 0 (0)
20,000-49,999	32,898 (27)	33,762 (13)	33,026 (13)
50,000-99,999	36,574 (19)	35,590 (10)	37,000 (8)
100,000-499,999	39,889 (27)	40,183 (12)	39,653 (15)
500,000 or more	51,857 (13)	52,000 (3)	51,814 (10)
By frequency:*			
Weekly/biweekly	$43,880 (15)	$44,927 (11)	$41,000 (4)
Monthly	36,547 (54)	33,517 (23)	38,795 (31)
Other	39,049 (23)	36,090 (10)	43,103 (12)
By average editorial pages:*			
Up to 499	$36,584 (33)	$34,838 (13)	$37,441 (19)
500-999	39,140 (30)	35,779 (14)	42,081 (16)
1,000 or more	42,096 (25)	42,554 (13)	41,600 (12)

*Refers to the largest circulation magazine on which respondent works.

"My job is to draw the reader into the article by use of visual stimulation: Most readers will only stop at something that grabs them by the throat."

—Art director in the Northeast, earning about $65,000 in salary only.

Average annual total compensation

Includes only individuals who reported receiving both salary and bonus.

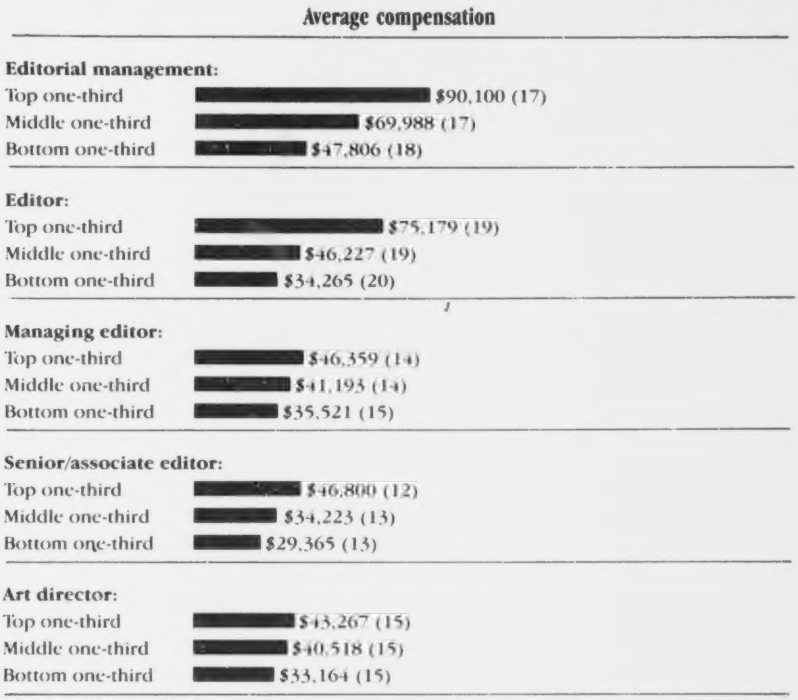
The number of respondents is in parentheses.

	Editorial management	Editor	Managing editor	Senior/ associate editor	Art director
Received bonus:					
Yes	$68,885 (52)	$51,586 (58)	$40,896 (43)	$36,533 (38)	$38,983 (45)
No	60,114 (47)	42,848 (61)	38,993 (71)	35,526 (66)	40,670 (46)
By magazine type:					
Consumer	$62,222 (16)	$53,513 (33)	$37,809 (22)	$32,002 (13)	$41,081 (20)
Business	71,670 (35)	49,043 (25)	44,131 (21)	38,889 (25)	37,770 (23)
By region:					
Northeast	$70,834 (22)	$60,712 (24)	$47,412 (16)	$44,586 (14)	$43,769 (17)
South Atlantic	63,577 (3)	38,167 (9)	32,880 (5)	25,234 (7)	34,656 (8)
Central	57,877 (15)	53,846 (12)	42,184 (11)	36,212 (14)	28,500 (7)
Western	81,798 (11)	39,979 (12)	33,774 (11)	26,817 (3)	41,031 (13)
By sex:					
Male	$74,253 (30)	$60,369 (29)	$41,475 (19)	$46,633 (15)	$46,041 (18)
Female	61,565 (22)	42,803 (29)	40,438 (24)	29,946 (23)	34,277 (27)
By years in editorial:					
Up to 3	$55,700 (5)	$28,861 (6)	$31,960 (7)	$27,903 (13)	$30,378 (9)
4-10	56,216 (16)	42,146 (27)	36,172 (20)	32,554 (17)	41,485 (25)
11-20	71,007 (18)	65,435 (23)	50,659 (11)	43,584 (7)	44,600 (6)
More than 20	86,783 (10)	87,947 (2)	53,656 (4)	167,000 (1)	39,467 (3)
Responsible for:					
One magazine	$75,266 (23)	$47,031 (35)	$41,162 (34)	$38,119 (30)	$39,880 (19)
More than one	63,824 (29)	58,518 (23)	39,894 (9)	30,586 (8)	38,327 (26)
By employees supervised:†					
None	$47,208 (3)	$32,600 (7)	$40,380 (5)	$32,724 (18)	$28,393 (5)
One	62,625 (4)	36,210 (9)	29,475 (4)	29,360 (5)	34,742 (12)
2-5	59,925 (25)	40,075 (24)	37,556 (27)	34,672 (14)	40,751 (24)
6-10	78,503 (15)	65,469 (13)	57,950 (4)	0 (0)	26,140 (1)
More than 10	102,840 (5)	125,000 (5)	64,308 (3)	167,000 (1)	63,733 (3)
By circulation:**					
Up to 19,999	$64,832 (11)	$38,385 (7)	$29,725 (6)	$20,850 (2)	$31,833 (3)
20,000-49,999	65,968 (10)	36,602 (20)	39,644 (9)	30,547 (13)	35,337 (14)
50,000-99,999	64,071 (13)	49,751 (9)	41,038 (9)	27,605 (2)	34,570 (10)
100,000-499,999	71,583 (15)	70,906 (17)	45,146 (14)	35,414 (14)	42,536 (13)
500,000 and more	100,833 (3)	67,620 (5)	44,400 (5)	56,920 (7)	53,935 (4)
By frequency:**					
Weekly/biweekly	$96,886 (7)	$64,285 (7)	$57,781 (7)	$66,620 (5)	$45,388 (8)
Monthly	67,635 (32)	49,896 (36)	38,340 (28)	30,999 (27)	38,149 (26)
Other	56,885 (13)	49,716 (15)	35,069 (8)	36,365 (6)	35,587 (10)
By average editorial pages:**					
Up to 499	$60,539 (21)	$32,117 (14)	$38,718 (11)	$33,944 (8)	$36,904 (14)
500-999	70,288 (16)	50,367 (24)	37,775 (17)	29,935 (13)	35,593 (15)
1,000 or more	82,720 (14)	66,677 (20)	46,031 (15)	34,184 (10)	46,655 (14)

** Refers to the largest circulation magazine on which respondents work.

† Indicates editorial employees for all job titles except art director, where numbers refer to design/art personnel.

Range of average total compensation*



* Includes only individuals who reported receiving both salary and bonus; the number of respondents is in parentheses.

women earn 74 percent of what men earn, even though women in this survey are more likely to be eligible for a bonus than are men.

The size of the magazine also correlates directly with salary, although the difference between the very smallest magazines and the largest is not substantial. For instance, pay rises only 24 percent, from the $32,167 average of art directors on magazines with up to 20,000 in circulation, to the $39,889 average of those on magazines with circulations of 100,000 to 500,000. Salary then jumps to $51,857 for those art directors working on magazines that have over 500,000 in circulation.

Bonus

According to our respondents, bonuses are paid to 54 percent of editorial managers, 51 percent of editors, 40 percent of managing editors, 38 percent of senior/associate editors, and 50 percent of art directors. Overall, those are the highest ratios since FOLIO: has been collecting these data, and they suggest that bonus eligibility among editorial personnel may be gradually increasing.

On the other hand, bonuses do not appear to create the kind of dramatic differences in total compensation one might expect. Indeed, the opposite is the case. For instance, looking at salary alone, the top one-third of employees average from 2.0 times the salary of the bottom one-third (for art directors) to as much as 2.7 times (for editorial managers).

On a total compensation basis, the spread between the top one-third and the bottom one-third is much smaller, ranging from 1.3 times (for managing editors and art directors) to 2.2 times (for editors). Indeed, for every category but editor, people earning the top one-third in salary alone are paid more than the salary plus bonus of those making the top one-third in total compensation. This may suggest that bonuses are paid more frequently to people below the top end of the salary scale in each category. For example, as noted above, in several categories, a greater percentage of women than men are eligible for bonuses.

In the long run, though, a rise in bonus eligibility for editorial employees is a positive sign. It reinforces the central role that individual talent and professionalism play in determining the overall pay of editorial employees. And, notwithstanding all the factors impacting pay that are listed here and in other surveys, it is that individual contribution that is the truest and best measure of an editorial employee's worth and compensation. ☐

Methodology

Five hundred eighty-nine of the 1,384 editorial professionals who received questionnaires responded to FOLIO:'s sixth annual editorial salary survey, resulting in an overall response rate of 42.6 percent. Of the total responses, 545 (39.4 percent) contained sufficient information to be used for tabulation. The survey was conducted through two mailing efforts in January. Participants were asked to supply data reflecting 1990 earnings; if exact figures were unavailable, they were requested to estimate.

In some cases, respondents did not give an exact bonus or incentive figure, but gave an expected range instead. Here the mean was used for tabulation. For example, if an editorial professional indicated that his or her annual bonus would be between $4,000 and $6,000, the arithmetic mean of $5,000 was used as that respondent's expected bonus for the year.

The sample was evenly divided among the five categories of editorial professionals. Each category was also evenly divided between consumer and business publications. Two-thirds of the sample was drawn from magazines with under 100,000 in circulation, while one-third came from magazines with over 100,000.

A job description has been included with each compensation chart. These descriptions were printed on the questionnaire, and respondents were asked to choose the description that most accurately reflected their duties.

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Folio:

A Publication of The Hanson Publishing Group, Inc

AUGUST 1, 1990 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50

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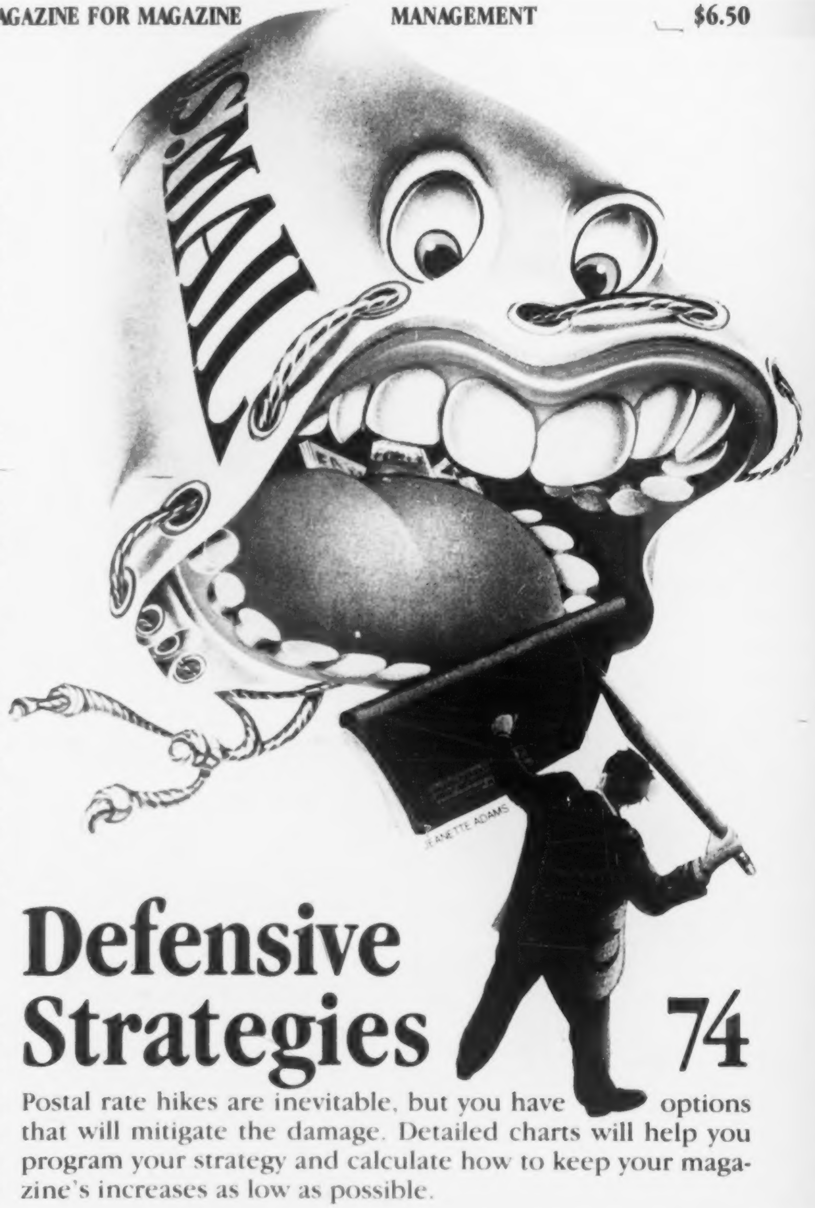

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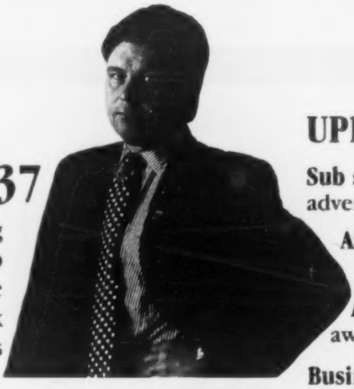
unfold ►

August 1, 1990



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Vol. 19 No. 7

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Media buyers: Ad slump gets worse

April's relief for consumer titles proved short-lived

by John Masterton

NEW YORK CITY—After a refreshing spring break, publishers are back in the ad doldrums—and, according to media buyers, it looks like summertime blues may well extend into fall and winter.

Recent Publishers Information Bureau (PIB) figures are only the latest chapter in a grim saga. Although April seemed mildly promising, May ad pages for 174 leading titles fell 6.5 percent, to 15,302, dipping more than 1,000 pages from the May 1989 mark. The reason only 18 of PIB's top 50 ad page leaders lost ad revenue is that many titles raised page rates to offset page losses.

Meanwhile, a leading forecaster lowered his projections for ad spending growth. And media buyers suggest the news will get worse before it gets better.

The issue is more than just the fate of spending on print, warns John Gray, senior vice president/director of media planning for J. Walter Thompson. "Media spending of all kinds is suffering," he says. "And there is no prospect for spending growth in most advertising categories. I really don't see any relief in sight."

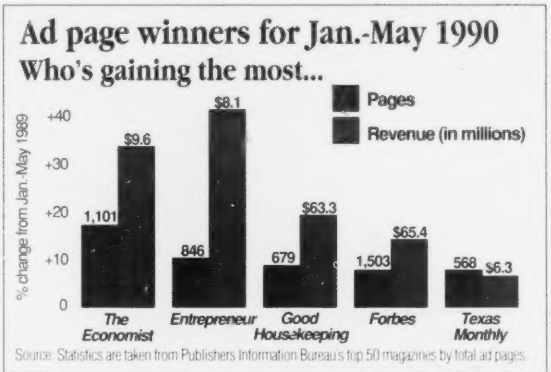
This isn't exactly what publishers want to hear. Many have already felt the squeeze on advertising revenues, complicated by worsening economic factors that are largely beyond their control. In particular, some lament, the bill for the mergers and acquisitions frenzy among advertisers in the late eighties is now coming due. Mergers often mean combining ad budgets, which results in less spending.

"We're all facing the music now for a business world mentality that said you could postpone all your problems for a year or two," explains Richard Heinemann, associate publisher/advertising sales director of *Time*, whose owner, Time Warner Inc., is the result of the largest media merger ever. "That's what the national debt and the savings and loan crisis are all about." Ad pages in the newsweekly are trailing last year's mark by 8.2 percent, while revenue is down 6.8 percent.

Unfortunately, conditions may not improve soon. "We might not see an upturn until mid 1991," speculates Edward Lewis, publisher of *Essence*, which has posted a modest page gain so far this year. "In the meantime, we'll try to hold on and run a tight ship."

Still, publishers have no choice but to look ahead. "Yes, I'd rather be having a phenomenal sales year," says Jerry Kaplan, publisher of *Better Homes and Gardens*. "But I lost three accounts worth 120 pages and I'm almost done eating that. That's life, and we don't always get a vote. I'm working with my accounts to see how we can best serve their marketing needs." Kaplan hopes second-half performance can put a dent in a 12 percent first-half page decline.

Publishers are seeking to replace lost linage from advertisers in such catego-

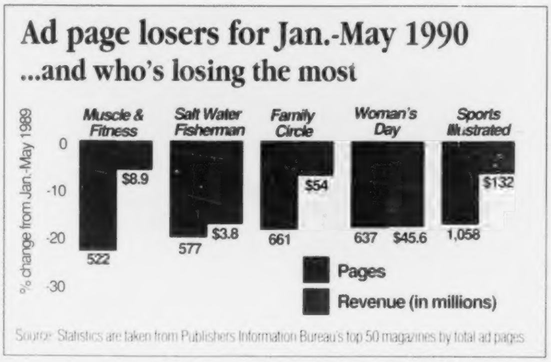


Ad page winners for Jan.-May 1990

Who's gaining the most...

Source: Statistics are taken from Publishers Information Bureau's top 50 magazines by total ad pages

***Despite a lingering decline** in advertising, some titles are showing respectable page and revenue increases . . .*



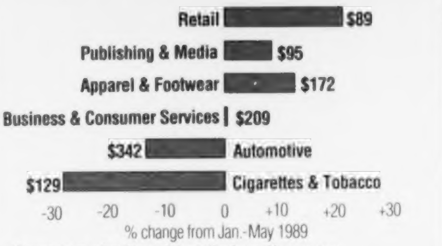
Ad page losers for Jan.-May 1990

...and who's losing the most

Source: Statistics are taken from Publishers Information Bureau's top 50 magazines by total ad pages

. . . but other magazines continue the uphill battle in the currently soft advertising climate.

Magazine ad revenues in key categories—Jan.-May 1990* (in millions)



*Figures do not reflect five weeks' reporting for weekly magazines in April 1990 vs. four weeks in 1989.

Source: Publishers Information Bureau.

***Retail has the greatest** percentage of advertising, while tobacco continues its decline.*

ries as tobacco, distilled spirits and domestic automobiles, all of which are spending less on print advertising. For many titles, the biggest falloff has come in domestic autos, says Jake Winebaum, senior vice president of marketing at *U.S. News & World Report*, whose 1990 ad pages have dipped 6 percent. "General Motors' 25 percent cutback hasn't helped any of us," he notes. "But it's often the largest companies that are cutting the most. There's still good activity from mid-level advertisers."

A heavy schedule of special issues has helped buffer the newsweekly from some ad cuts because "we have more to talk about with advertisers," Winebaum says. "Our 'Best of America' specials and annual guides give us an edge in 'us-against-them' buying choices. They also bring in more image advertising."

In the wake of a 19.3 percent decrease in ad pages this year, *Field & Stream* is turning to new categories it says are naturals for a men's outdoor title. "We're beginning to draw more insurance and home improvement ads," says advertising director Michael Wade. "We're also targeting personal grooming products, and I think we could even get more food business. Our message is that men shop and spend money."

"Growing pressure will force some publishers to decide between going under or cutting rates."

Indeed, many publishers may turn to food as their advertising savior. One encouraging sign, according to a McCann-Erickson "Insider's Report," is that first-quarter food advertising expenditures in magazines rose 11 percent over first quarter 1989. With this in mind, titles as diverse as *Better Homes and Gardens*, *Essence* and *Vogue* all want a bigger slice of the food advertising pie.

But they're also working harder to get their share. "It's a tough year for everyone," concedes Verne Westerberg, publisher of *Vogue*, which is 11.7 percent off last year's record ad sales pace. "We're going to work very hard for every dollar we make this year."

Although Westerberg reports booming fourth-quarter sales, few publishers now believe they can make up first-half page losses before year end.

Further clouding the future is a growing fear of deep rate cutting. Publishers say continued slow ad sales can only tempt more titles to sell off their rate cards. But long-term damage would far outweigh any short-term gains, they claim.

"We're all feeling some pain," *Essence*'s Lewis acknowledges, "but negotiating off the card isn't the answer. Better to offer a stronger product than to undercut its value."

Still, the pressures are real. "It's a buyer's market right now," declares Gray, of J. Walter Thompson. "Growing pressure will force some publishers to decide between going under or cutting rates to get business now."

However, not all is lost for magazines, predicts Dawn Sibley, executive vice president/media director at the advertising agency Ally & Gargano. "Enormous rate hikes in network television advertising time may bode well for publishers," she says. "Media buyers will take a closer look at print."□

Supreme Court nixes opinion protection

WASHINGTON, D.C.—In a decision some experts call dangerous for the press, the Supreme Court has ruled that statements of opinion are not automatically protected under the First Amendment.

The ruling found that newspaper columns and other forms of commentary may be libelous if they imply that they are based on fact. In such cases, it will be up to the plaintiff to prove that the statements are false.

"We're disappointed," says Henry Kaufman, director of the Libel Defense Resource Center. "Clearly, this unsettles the law on this issue."

Calling the ruling "hazardous to the health of free expression," Manhattan attorney Dick Winfield observes that it "will encourage more lawsuits and certainly more trials." Before the ruling, many lawsuits based on statements of opinion were dismissed early in the judicial process. Now it is more likely that those cases will go to trial.

The Supreme Court decision affects a 15-year-old Ohio case that a high school wrestling coach brought against a newspaper columnist for the *Lake County News-Herald*, published by Lorain Journal Company. J. Theodore Diadiun wrote that Michael Milkovich Sr. lied under oath to a judge investigating a gymnasium melee. The case will now be returned to a lower court.

In writing for the majority, Chief Justice William H. Rehnquist said the statements in the column amounted to an accusation and that it was "sufficiently factual to be susceptible of being proved true or false." Chief Justice Rehnquist was joined by six justices in his opinion.

Winfield says the ruling could make publications "a bit more gun-shy in what they publish." It's also likely to end up costing magazines more money because more libel cases will probably go to trial.

"I find a fair amount of solace in the Court's restatement of the privileges we already had," says Kaufman. But as Winfield points out, "Once a privilege is rolled back, you have a winner and a loser. The winner here is not the press."—*C.P.R.*

FOLIO:'s

1990 production salary survey

The big change in production: Technology. The big question: How will it affect pay?

BY ROBERT M. STEED

At the center of the revolution in publishing technology are the production professionals who have to make it all work. Their responses to FOLIO:'s sixth annual production salary survey indicate that recent rapid-fire technological changes have had significant positive impact on their work—giving them more control and flexibility, better quality work, and an ability to produce more in less time with reduced staff.

The main drawback is the immense pressure of keeping up with—and evaluating—new technology. Also, as one production director put it: "The changing technology has made defining job responsibilities very unclear. Pre-press isn't what it used to be. Where do the new functions fall? Art, editorial, production? This is also creating a big power play for personnel and equipment."

It is evident that increased computerization is greatly reducing the time production directors and managers, and their staffs, must devote to the routine, less-skilled aspects of the production job. At the same time, production people have to learn a whole new set of skills and take on increasing responsibility as they respond to the challenge of computerization. The overall impact of these changes on their compensation levels is as yet unclear.

Along with all that change, production professionals are faced with the constant pressure to get out the next issue—on time, on budget, and with high quality. How well they meet that challenge is often the main determinant of their pay in the short run, as measured in this survey.

Production directors

The salary of production directors of consumer magazines averages $50,483, over $7,000 (16 percent) more than their counterparts on business publications. Total compensation of directors on consumer books who receive a bonus is $60,547, over $14,000 (31 percent) higher than the total compensation of those working on business magazines.

Production directors in the Northeast barely edge out those in the South by $1,500. Salary in the lowest paid region—the North central—trails by just $5,668 (13 percent).

• In Summary •

- Salary differences among production directors and production managers are slight, but total compensation (salary plus bonus) shows much more variation among production directors; less among production managers.
- Although salaries in the Northeast are higher, the difference is small compared with the often huge gaps seen in surveys of other groups of publishing professionals.
- About 70 percent of production directors are responsible for more than one magazine, while less than half of production managers are.
- Overall, bonuses play a far greater role in directors' pay packages than in managers'.

Slightly over half the directors are women, and their salary averages 85.7 percent of men's. While still far from parity, that does seems to show some signs of catching up. However, when bonuses are factored in, women directors' total compensation falls to 76 percent of men's. Moreover, almost half the men are eligible for a bonus, whereas only 38 percent of the women are.

Age and experience are clearly correlated with salary. Directors who are over 50 are paid $62,614, almost double what their counterparts who are under age 30 receive. Experience has an even more powerful impact, with salary rising steadily from $27,292 for those with less than three years in production to $64,848 for those with more than 20. Total compensation shows the payoff of experience even more dramatically, with directors over age 50 averaging almost $97,000 and those with more than 20 years in production averaging almost $103,000.

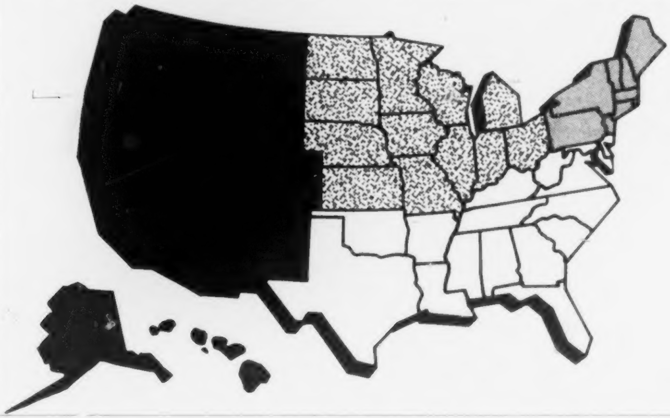
Directors on magazines with over 500,000 in circulation average $62,813 in salary and $86,800 in total compensation—which is substantially more than those at smaller magazines (where pay differentials based on size are relatively small) receive. These results are heavily affected by production directors working on large consumer magazines, who represent over one-fourth of the consumer respondents and who average $65,785 in salary alone.

The salary of directors eligible for a bonus averages $5,000 *more* than the salary of directors who are not eligible; and salary plus bonus averages $9,000 (20.6 percent) more than the salary alone of those who don't receive a bonus.

Fully 70 percent of directors are

The regions have been divided as follows:

■ Western ▨ Northeast □ South ▩ North central



responsible for more than one magazine. Their salary averages $5,500 more than the salary of directors responsible for only one magazine, and their total compensation is $12,500 (28 percent) higher.

There are other indications of the strong impact of bonus payments on directors:

- Salaries of directors on magazines producing 3,000 total pages or more are only $12,000 (30 percent) more than what those on the smallest magazines receive. Yet their total compensation is almost $33,000 (87 percent) higher.
- The salary of directors on weeklies and biweeklies is a bare $1,675 more than what those on monthlies receive; but their total compensation is almost $8,000 higher.
- Directors supervising the largest departments (more than five staff members) are paid salary plus bonus almost $25,000 more than that paid to those whose departments have two to five employees. On a salary-only basis, the difference is only $11,000.

Production managers

The salary relationships and conclusions evident in the data on production directors are almost all the same for managers, although the pay levels are, of course, lower. However, bonuses do not have anything like the impact on managers' total compensation as they do on directors' total compensation.

Managers average $28,941 compared with $46,548 for directors, a difference of about 61 percent. Managers on consumer magazines average $31,333, almost $4,000 (14 percent) more than those on business publications; and their salary plus bonus is $5,378 (19 percent) higher.

As with their bosses, managers in the Northeast earn the highest salaries—about $2,000 more than their nearest competitors in the West and $4,765 more than those in the North central region, which once again is last. However, in an unusual reversal, the West leads in total compensation at $32,247, with the Northeast able to place no better than third.

Over three-quarters of the sample are women. But their salary still averages only 78.6 percent of men's. Unlike directors, however, the ratio moves up—to 82 percent—when bonus is factored in. Women are, however, slightly less likely to be paid a bonus, with 37.5 percent of them receiving one compared with 41.5 percent of men.

Managers responding to this survey are relatively young, with 43 percent under 30 and another 35 percent between 30 and 39. And the data indicate, naturally, that salary increases with age, moving from an average of $24,537 for those under 30 to $38,322 for those over 50. (However, surprisingly, there is only a $1,000 difference between those who are thirty-something and those who are forty-something.)

Experience is an even more telling determinant of pay. Managers with less than three years in production average $23,000 in salary, while those with more than 20 years average almost $39,500 (about 70 percent higher).

There are two significant areas

• Using the numbers •

It is important to use the salary information in this survey cautiously. In many instances, there were not enough respondents in certain subcategories to allow valid conclusions to be reached, because even one exceptionally high or low salary could affect the average dramatically. For this reason, FOLIO: is publishing the number of respondents in each cell (shown in parentheses). In addition, not all respondents answered all questions. Therefore, the total number of respondents in the "average" column of a chart is not necessarily the sum of the subcategories.

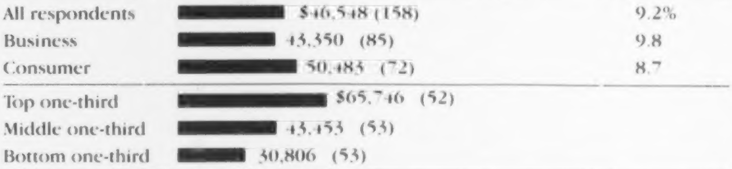
The survey also examines only one variable at a time. For example, production directors in the Northeast earn higher salaries than their peers in other regions. But are those in the Northeast who participated in the survey working on larger magazines? Are they the ones with the most experience? The survey methodology does not enable these multiple variables to be analyzed.

One should also be cautious about comparing the data in this survey with data from prior years. Because the sample is drawn randomly from mastheads each year, those who responded to this survey may well come from a different mix of magazines or demographics than respondents to prior surveys. Comparisons are thus best made not on the broad averages, but on the more detailed breakdowns by magazine size, respondents' experience and the like.

Production director

Production director (may be called VP of production): Negotiates printing, typesetting and engraving contracts; establishes production schedules. Oversees production managers and advises on technical matters; is directly responsible for quality control.

Average salaries (The number of respondents is in parentheses.)



		% increase from '89 to '90
All respondents	$46,548 (158)	9.2%
Business	43,350 (85)	9.8
Consumer	50,483 (72)	8.7
Top one-third	$65,746 (52)	
Middle one-third	43,453 (53)	
Bottom one-third	30,806 (53)	

	Average	Average business	Average consumer
By region:			
Northeast	$48,453 (71)	$44,387 (43)	$54,696 (28)
South	46,994 (26)	38,650 (10)	52,209 (16)
North central	42,785 (23)	41,444 (16)	45,850 (7)
Western	44,961 (38)	45,406 (16)	45,095 (21)
By sex:			
Male	$50,270 (76)	$45,449 (37)	$54,845 (39)
Female	43,097 (82)	41,732 (48)	45,329 (33)
By age:			
29 or less	$32,855 (17)	$32,961 (12)	$32,000 (4)
30-39	42,758 (73)	41,845 (40)	43,864 (33)
40-49	49,939 (46)	46,395 (20)	52,665 (26)
50 or more	62,614 (22)	52,885 (13)	76,667 (9)
By years in production:			
Up to 3	$27,292 (6)	$25,750 (5)	$35,000 (1)
4-10	38,375 (62)	39,036 (36)	37,560 (25)
11-20	49,380 (64)	46,306 (31)	52,267 (33)
More than 20	64,848 (25)	55,015 (13)	75,500 (12)
Eligible for bonus:			
Yes	$49,244 (75)	$45,116 (39)	$53,715 (36)
No	44,111 (83)	41,852 (46)	47,251 (36)
Responsible for:			
One magazine	$42,744 (47)	$38,977 (22)	$46,058 (25)
More than one	48,158 (111)	44,877 (63)	52,837 (47)
By employees supervised:			
None	$40,446 (14)	$29,893 (7)	$51,000 (7)
One	35,742 (13)	37,414 (7)	33,792 (6)
2-5	44,516 (86)	41,790 (46)	47,974 (39)
More than 5	55,451 (45)	51,649 (25)	60,203 (20)
By circulation:†			
Up to 19,999	$38,428 (20)	$37,558 (18)	$46,250 (2)
20,000-49,999	35,728 (26)	37,020 (22)	28,625 (4)
50,000-99,999	44,136 (29)	44,763 (16)	44,063 (12)
100,000-499,999	48,873 (60)	51,887 (26)	46,569 (34)
500,000 or more	62,813 (23)	43,000 (3)	65,785 (20)
By frequency:†			
Weekly/biweekly	$49,353 (17)	$47,308 (13)	$56,000 (4)
Monthly	47,678 (96)	43,556 (55)	53,663 (40)
Other	43,076 (45)	39,655 (17)	45,154 (28)
By average total pages produced annually:†			
Up to 499	$40,994 (31)	$43,713 (19)	$36,688 (12)
500-999	40,923 (29)	37,471 (16)	45,173 (13)
1,000-1,499	46,088 (25)	43,636 (11)	48,014 (14)
1,500-2,999	51,020 (40)	44,848 (21)	57,842 (19)
3,000 or more	53,205 (20)	47,889 (9)	57,555 (11)

†Refers to the largest circulation magazine on which respondent works.

> **"Computers have changed the roles of production managers and art directors. These positions begin to merge. It forces all production personnel to become more computer literate."**

— Production director on a monthly business publication in the Northeast, earning a salary in the mid-forties.

> **"We are currently utilizing satellite transmission for late editorial pages. This technology lets us print the most timely stories in the least amount of time."**

— Production manager in the Northeast working on a large monthly consumer title, earning $40,000.

> **"Desktop publishing has helped my staff and me produce more, better looking work, in less time. Our overtime is now held to a minimum. Spreadsheet and database programs are giving us an accurate and timely projection of each issue. I'll *never* go back to speccing type!"**

— Production director on a biweekly business magazine in the West, earning approximately $35,000.

Production manager

Production manager: Directly responsible for daily production operations, including publication paste-up, quality control and maintaining production schedules. Is liaison with printing plant. May traffic advertising and editorial materials.

Average salaries (The number of respondents is in parentheses.)		% increase from '89 to '90
All respondents	$28,941 (219)	10.6%
Business	27,417 (130)	11.2
Consumer	31,333 (87)	9.0
Top one-third	$39,925 (73)	
Middle one-third	27,099 (73)	
Bottom one-third	19,800 (73)	

	Average	Average business	Average consumer
By region:			
Northeast	$31,334 (80)	$28,898 (49)	$35,523 (30)
South	27,210 (41)	25,454 (28)	30,992 (13)
North central	26,569 (52)	26,985 (38)	25,440 (14)
Western	29,314 (41)	28,900 (13)	29,747 (27)
By sex:			
Male	$34,479 (53)	$32,491 (23)	$36,003 (30)
Female	27,193 (165)	26,348 (106)	28,874 (57)
By age:			
29 or less	$24,537 (94)	$23,614 (61)	$26,281 (32)
30-39	30,940 (76)	31,112 (41)	30,967 (34)
40-49	31,950 (31)	29,966 (19)	35,090 (12)
50 or more	38,322 (18)	30,978 (9)	45,667 (9)
By years in production:			
Up to 3	$23,001 (69)	$21,969 (43)	$24,708 (26)
4-10	29,743 (101)	27,793 (59)	32,907 (40)
11-20	34,456 (32)	35,174 (19)	33,406 (13)
More than 20	39,438 (16)	37,250 (8)	41,625 (8)
Eligible for bonus:			
Yes	$28,377 (93)	$26,140 (54)	$31,643 (38)
No	29,358 (126)	28,324 (76)	31,092 (49)
Responsible for:			
One magazine	$28,576 (119)	$26,913 (70)	$31,116 (48)
More than one	29,194 (99)	28,005 (60)	31,181 (38)
By employees supervised:			
None	$24,208 (70)	$23,008 (47)	$26,659 (23)
One	29,138 (56)	28,657 (37)	30,467 (18)
2-5	32,216 (76)	30,291 (38)	34,142 (38)
More than 5	33,147 (17)	33,938 (8)	33,375 (8)
By circulation:†			
Up to 19,999	$24,635 (39)	$24,486 (34)	$25,652 (5)
20,000-49,999	25,960 (58)	26,153 (40)	25,682 (17)
50,000-99,999	28,509 (43)	28,507 (29)	28,513 (14)
100,000-499,999	30,932 (54)	31,812 (27)	30,052 (27)
500,000 or more	40,457 (23)	0 (0)	40,457 (23)
By frequency:†			
Weekly/biweekly	$28,642 (33)	$30,617 (23)	$24,100 (10)
Monthly	28,842 (145)	26,306 (89)	33,052 (55)
Other	29,843 (39)	28,822 (18)	30,718 (21)
By average total pages produced annually:†			
Up to 499	$25,206 (47)	$25,817 (29)	$24,222 (18)
500-999	27,724 (52)	25,779 (31)	30,975 (20)
1,000-1,499	28,029 (41)	28,167 (27)	27,763 (14)
1,500-2,999	32,501 (44)	29,145 (20)	35,298 (24)
3,000 or more	33,255 (22)	31,067 (15)	37,943 (7)

†Refers to the largest circulation magazine on which respondent works.

where the data for managers are different from those for directors:

- About 42 percent of managers are eligible for a bonus, and their salary trails managers who are not eligible for a bonus by about $1,000. On the other hand, directors eligible for a bonus are also paid substantially higher salaries.
- Only 45 percent of managers work on more than one magazine—and they average a bare $600 more for doing so.

The size of the magazine correlates directly with salary, which rises gradually from $24,635 on magazines with under 20,000 circulation to $30,932 for those working on magazines with between 100,000 and 500,000 circulation. It then takes a substantial jump to $40,457 for magazines with over 500,000 in circulation. This is entirely attributable to production managers working on large consumer magazines, who represent over 25 percent of the consumer sample.

Another indicator of size is average pages produced. Again, salary rises steadily, but not substantially, as number of pages increases. But those working on the largest magazines earn only $8,000 (32 percent) more than those on the smallest. And, as we have seen elsewhere, bonuses have little impact, with total compensation on the largest magazines $9,000 (32 percent again) higher than on the smallest.

> **"As we move toward this new technology, my responsibilities have increased dramatically—my salary and staff have not."**
>
> **—Production manager in the South earning salary in the low twenties.**

[redacted]

The highs and lows

Comparing the highest paid one-third of directors and managers with the lowest paid one-third, for both salary and total compensation, highlights the importance of bonuses in the compensation mix of production directors—as well as its relative un-

Average annual total compensation*

	Production director	Production manager
Eligible for bonus:		
Yes	$53,197 (68)	$30,194 (84)
No	44,111 (83)	29,358 (126)
By magazine type:		
Consumer	$60,547 (33)	$33,331 (35)
Business	46,266 (35)	27,953 (49)
By region:		
Northeast	$57,506 (33)	$30,880 (25)
South	53,300 (10)	31,507 (15)
North central	52,456 (8)	26,167 (17)
Western	45,119 (17)	32,247 (22)
By sex:		
Male	$59,748 (37)	$34,820 (22)
Female	45,377 (31)	28,552 (62)
By age:		
29 or less	$32,969 (11)	$26,756 (45)
30-39	48,469 (36)	33,165 (24)
40-49	59,503 (14)	34,985 (13)
50 or more	96,686 (7)	40,750 (2)
By years in production:		
Up to 3	$26,944 (4)	$24,427 (28)
4-10	40,868 (32)	31,650 (43)
11-20	60,418 (24)	39,578 (10)
More than 20	102,900 (7)	40,750 (2)
Responsible for:		
One magazine	$44,748 (22)	$30,378 (44)
More than one	57,237 (46)	29,414 (39)
By employees supervised:		
None	$45,900 (7)	$24,953 (25)
One	33,688 (4)	30,533 (20)
2-5	45,529 (34)	31,664 (34)
More than 5	70,146 (23)	45,040 (5)
By circulation:†		
Up to 19,999	$33,113 (8)	$25,801 (16)
20,000-49,999	34,855 (11)	28,008 (25)
50,000-99,999	45,588 (11)	33,267 (17)
100,000-499,999	57,128 (28)	28,675 (19)
500,000 or more	86,800 (10)	44,700 (7)
By frequency:†		
Weekly/biweekly	$60,850 (10)	$31,174 (9)
Monthly	53,077 (38)	30,341 (59)
Other	49,597 (20)	29,539 (15)
By average total pages produced annually:†		
Up to 499	$37,558 (14)	$28,491 (16)
500-999	42,940 (14)	29,038 (22)
1,000-1,499	55,455 (11)	29,138 (18)
1,500-2,999	63,200 (15)	31,991 (15)
3,000 or more	70,200 (7)	37,673 (9)

*Includes only individuals who reported receiving both salary and bonus; the number of respondents is in parentheses.

†Refers to the largest circulation magazine on which respondent works.

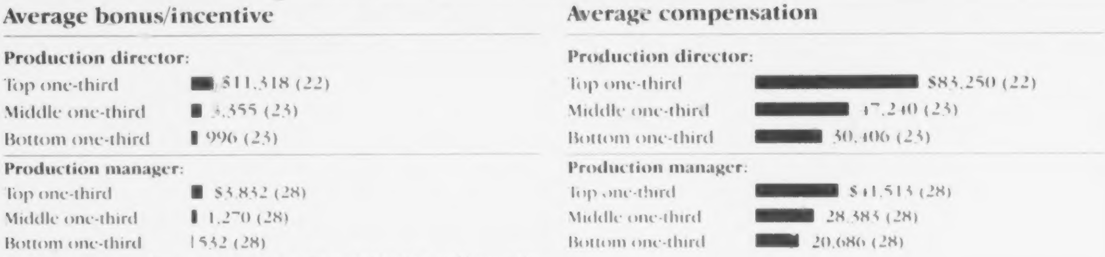
Average annual bonus/incentive*

	Production director	Production manager
Average bonus:		
	$5,134 (68)	$1,878 (84)
By magazine type:		
Consumer	$6,494 (33)	$1,833 (35)
Business	3,851 (35)	1,910 (49)
By region:		
Northeast	$5,905 (33)	$2,032 (25)
South	5,100 (10)	2,576 (15)
North central	4,300 (8)	1,645 (17)
Western	4,048 (17)	1,607 (22)
By sex:		
Male	$6,537 (37)	$1,975 (22)
Female	3,459 (31)	1,844 (62)
By age:		
29 or less	$1,830 (11)	$1,796 (45)
30-39	4,595 (36)	1,912 (24)
40-49	6,110 (14)	2,197 (13)
50 or more	11,143 (7)	1,250 (2)
By years in production:		
Up to 3	$819 (4)	$1,502 (28)
4-10	2,781 (32)	1,995 (43)
11-20	7,076 (24)	2,680 (10)
More than 20	12,214 (7)	1,250 (2)
Responsible for:		
One magazine	$4,191 (22)	$2,036 (44)
More than one	5,585 (46)	1,619 (39)
By employees supervised:		
None	$3,043 (7)	$1,446 (25)
One	2,500 (4)	1,443 (20)
2-5	3,799 (34)	1,654 (34)
More than 5	8,201 (23)	7,300 (5)
By circulation:†		
Up to 19,999	$1,925 (8)	$1,550 (16)
20,000-49,999	1,761 (11)	1,352 (25)
50,000-99,999	3,865 (11)	2,862 (17)
100,000-499,999	4,814 (28)	1,716 (19)
500,000 or more	13,700 (10)	2,557 (7)
By frequency:†		
Weekly/biweekly	$6,450 (10)	$3,274 (9)
Monthly	5,085 (38)	1,724 (59)
Other	4,568 (20)	1,740 (15)
By average total pages produced annually:†		
Up to 499	$1,701 (14)	$1,684 (16)
500-999	3,598 (14)	1,584 (22)
1,000-1,499	4,727 (11)	1,794 (18)
1,500-2,999	8,000 (15)	2,047 (15)
3,000 or more	8,129 (7)	3,084 (9)

*Includes only individuals who reported receiving both salary and bonus; the number of respondents is in parentheses.

†Refers to the largest circulation magazine on which respondent works.

Range of average bonus/incentive and total compensation*



*Includes only individuals who reported receiving both salary and bonus; the number of respondents is in parentheses

importance for production managers.

Salary of the top one-third is roughly double that of the bottom, for both production directors and managers. And the highest paid group of directors earn only about 65 percent more than the highest paid group of managers.

On a total compensation basis, the relation between the top and bottom for managers remains at roughly double. But for directors it leaps to 2.7 times. As a result, the $83,250 in salary plus bonus that the highest paid directors receive is twice as much as the $41,513 earned by the highest paid managers.

Looked at another way, directors' salaries average, overall, $46,548—61 percent more than the $28,941 average for managers. But total compensation for directors who receive both salary and bonus jumps to $53,197, while total compensation for managers increases to just $30,194, a difference of 76 percent.

In the long run, publishers are likely to make increasing use of bonuses and other forms of incentive compensation for both directors and managers. If they do, it would enable those production professionals who seize and master the technological challenges of today and tomorrow to be rewarded substantially for their contributions to their magazines' success. □

Robert M. Steed is managing director of Performance Plus . . . Inc., a New York-based consulting firm. Before cofounding Performance Plus . . . , he was vice president and director of personnel of Time Inc.

• Methodology •

Four hundred twenty-one of the 1,070 production professionals who received questionnaires responded to FOLIO:'s sixth annual production salary survey, resulting in an overall response rate of 39.3 percent. Of the total responses, 381 (35.6 percent) contained sufficient information to be used for tabulation. The survey was conducted through two mailing efforts in February. Participants were asked to supply data reflecting 1990 earnings; if exact figures were unavailable, they were requested to estimate.

In some cases, respondents did not give an exact bonus figure, but gave an expected range instead. Here the mean was used for tabulation. For example, if a production professional indicated that his or her annual bonus would be between $4,000 and $6,000, the arithmetic mean of $5,000 was used as that respondent's expected bonus.

About 53 percent of the mailing was sent to production directors and 47 percent to production managers. Within those categories, about 52 percent of the mailing was sent to production professionals on business publications and 48 percent to those on consumer ones. Last, almost two-thirds of the sample was drawn from magazines with under 100,000 in circulation, while one-third came from magazines with over 100,000 circulation.

A job description has been included with each compensation chart. These descriptions were printed on the questionnaire, and respondents were asked to choose the description that most accurately reflected their duties.

> **"Mac is a must. Any 'pre-Mac' experience is almost useless. A young graphic artist with two years Mac experience is worth more than a graphic artist with 10 years and no Mac experience."**
>
> **—Production director on a bimonthly consumer magazine in the Mid-Atlantic region, earning approximately $25,000.**

> **"Being able to lay out the entire publication by computer has eliminated a lot of excess time in paste-up and worries about last-minute corrections."**
>
> **—Production manager in the Northeast working on a monthly business publication, earning approximately $15,000 in salary and bonus.**

> **"Computers have made other duties, such as scheduling, budgeting, checking invoices and bids, go quicker and easier."**
>
> **—Production director working on a southern consumer magazine, earning a salary in the mid-forties.**

Folio:

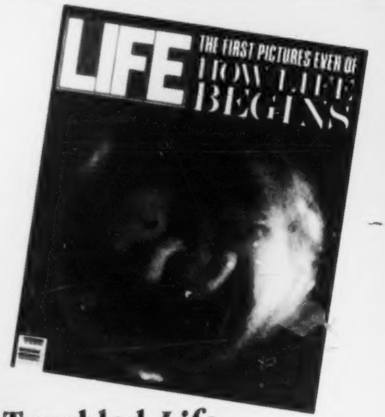
A Publication of The Hanson Publishing Group, Inc.

SEPTEMBER 1, 1990 **THE MAGAZINE FOR MAGAZINE MANAGEMENT** **$6.50**

Drug testing: Watchdog or witch-hunt?

Should your company be testing for drug use? If so, should it be testing only job applicants, or employees as well? Should counseling be offered to those who test positive? Opinions vary, but all agree on one point: You can't turn your back on the drug problem. **100**

JEANETTE ADAMS



Troubled *Life* explores 'new' niche

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unfold ➤

September 1, 1990

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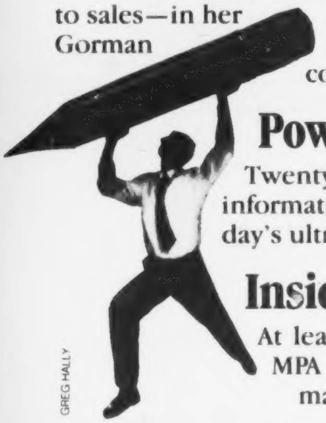
Executive VP and COO Peggy Stath has mastered just about every department—from editorial to circulation to sales—in her climb up the Gorman Publishing corporate ladder.



GREG HALLY

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Twenty-one rules to help you convey information quickly and efficiently to today's ultra-busy readers.

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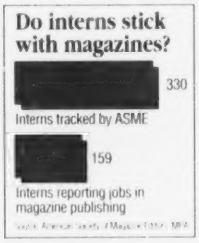
At least 48 percent of MPA interns stay with magazines.



Do interns stick with magazines?

Source: American Society of Magazine Editors; MPA

Adding punch 108 to reader service cards

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DISCRETIONARY INCOMES!
RECREATIONAL SPENDERS!

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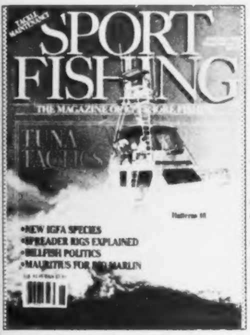
Active Subscribers
38,584
Quarterly Hotline
12,018
Canadian Actives

The women who is passionate about sports and fitness in her daily life!

- 33.76 MEDIAN AGE
- $51,350 AVERAGE HOUSEHOLD INCOME; 71% $35,000+
- 86.6% COLLEGE EDUCATED
- 44.3% MARRIED
- 86.6% EMPLOYED; 58% PROFESSIONAL/MANAGERIAL
- 96% MAJOR CREDIT CARD HOLDERS

TEST FOR:
PUBLICATIONS, CLUBS, CATALOGS, LEISURE, HEALTH & FITNESS, VACATIONS, INSURANCE, MEMBERSHIPS, TRAVEL, CREDIT CARDS, GENERAL MERCHANDISE, FUNDRAISING.



56,386
Active Subscribers
9,852
Quarterly Hotline

Affluent big-game anglers and boat owners. Serious offshore sportsmen.

- 43 AVERAGE AGE
- $90,000 AVERAGE HOUSEHOLD INCOME
- SERIOUS OFFSHORE SPORTSMEN
- $1,000+ YEARLY SPENT ON FISHING & BOATING EQUIPMENT
- OTHER INTERESTS INCLUDE TRAVEL, HUNTING, GOLFING.

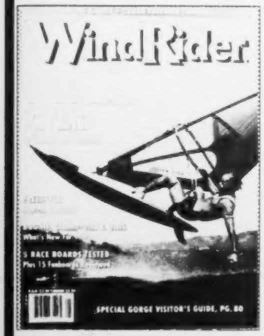
TEST FOR:
PUBLICATIONS, TRAVEL, CLUBS, SPORTS OFFERS, GENERAL MERCHANDISE, INVESTMENTS, FUNDRAISING, MEMBERSHIPS, HEALTH & FITNESS, CREDIT CARDS, FINANCIAL OFFERS, OUTDOOR OFFERS.

93,386
Active Subscribers
10,236
Quarterly Hotline
2,557
Canadian Actives

Gregarious, well-heeled skiers & small boat owners in a family sport.

- AVERAGE AGE 29;
- 52% MARRIED
- 72.7% COLLEGE EDUCATED
- $50,000 AVERAGE HOUSEHOLD INCOME; 42.7% $50,000+

TEST FOR:
HEALTH & FITNESS, PUBLICATIONS, TRAVEL, TIME SHARE, LEISURE, FINANCIAL OFFERS, CREDIT CARDS, VACATION, FUNDRAISING, CATALOGS, GENERAL MERCHANDISE, INVESTMENTS, CLUBS, MEMBERSHIPS, REAL ESTATE, SPORTS OFFERS.



41,000
Active Subscribers
7,668
Quarterly Hotline
2,206
Canadian Actives

Highly educated upscale consumers. Vacation travelers in a destination-oriented sport.

- 33 AVERAGE AGE
- 90.1% COLLEGE EDUCATED
- $59,100 AVERAGE HOUSEHOLD INCOME
- 50% PASSPORT HOLDERS
- $1,825 AVERAGE SPENT ON LAST WINDSURFING VACATION

TEST FOR:
HEALTH & FITNESS, LEISURE, CREDIT CARDS, TRAVEL, FINANCIAL OFFERS, VACATIONS, INVESTMENTS, TIME SHARE, CATALOGS, PUBLICATIONS, CLUBS, FUNDRAISING, MEMBERSHIPS, REAL ESTATE, GENERAL MERCHANDISE, SPORTS OFFERS.

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Vol. 19 No. 9

Folio:

THE MAGAZINE FOR MAGAZINE MANAGEMENT

A Publication of The Hanson Publishing Group, Inc.

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Tracking publishing interns

by Susan Hovey

NEW YORK CITY—Since 1967, the American Society of Magazine Editors (ASME) has placed more than 1,000 students in summer intern positions. A much younger program, the Business Press Educational Foundation (BPEF), has placed 88 students since its inception in 1985.

Of course, keeping track of all those names hasn't proven to be easy. But if a sampling of alumni is any indication, the two programs have given hundreds of college journalism graduates a head start on careers in the industry. (ASME is affiliated with Magazine Publishers of America; BPEF, with American Business Press.)

ASME assistant director Marlene Kahan is in the process of updating a list containing information on the whereabouts of roughly one-third of the ASME alumni. From those names, approximately 180 (including freelancers) are working in the magazine industry, about one-fifth with the business press.

Phyllis Reed, manager of placement and education services at American Business Press (ABP), says that, of the 33 students who were BPEF interns between 1985 and 1987, at least 16 have gone on to positions with the business press. One or two others have moved over to the consumer side, "but there's not a great deal of crossover." (Most interns from 1988 and later have been out of school for a year or less.)

Reed adds that some of the more recent graduates have been placing their names in the "Employment Round-Up," a publication that brings together job seekers and business publishers. She sees this as a positive sign of the business intern experience, in light of the fact that only a small number of journalism schools offer courses specifically geared toward the business press.

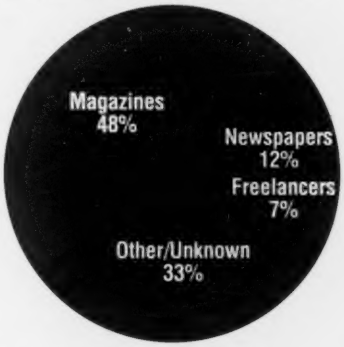
The potential employee

Whittle Communications, which has an extensive intern program of its own, also takes on three or four ASME interns a summer. "The majority of our entry-level positions are filled with former Whittle interns," notes intern specialist Kathey Gentry. "The editors like to think that every intern they pick could be a potential employee."

Obviously, there are also hundreds of former ASME and BPEF interns who do not stay in the field. Reed remembers one promising intern who, after a summer with *Chemical Week* and a stint with another trade title, found his calling elsewhere—with the priesthood.☐

Where are ASME's interns?

Based on the 330 names (out of more than 1,000) ASME has been able to track from 1967 to 1989



Source: American Society of Magazine Editors; MPA

***Most magazine interns** stick with some aspect of publishing, according to MPA figures.*

Travel Agent repositioned

New owner plans overhaul of travel weekly

by Liz Horton

NEW YORK CITY—With the ink barely dry on an agreement to buy *Travel Agent Magazine* from Capital Cities Media, Richard Friese is already making plans.

As the new publisher of *Travel Agent*, Friese, who heads the investor group that owns *Unique Homes*, plans to make the title live up to its billing as "the national newsweekly magazine of the travel industry." With a redesign and increased news coverage, *Travel Agent* will "look, feel and taste like a newsweekly," Friese explains. "Readers will feel comfortable that they are completely up to date with happenings in the industry of the week previous."

A redesign is in the works.

For Friese, the purchase marks a homecoming to the travel industry. Formerly president of Ziff-Davis, he began his career there as publisher of *Travel Weekly*, then became president of Ziff-Davis's travel publications division. The years he spent in the travel industry "are the years of my career I enjoyed the most," he says, noting that *Travel Agent* has "no fit with *Unique Homes*."

Travel Agent was the third Fairchild title to be unloaded in recent weeks by Capital Cities Media, which is embroiled in a major reorganization. Soon after *MIS Week* suspended publication, *Financial Services Week* was sold to Investment Dealers' Digest, Inc.

Travel Agent, with a 53,000 circulation, ran close to 3,000 ad pages in 1989, says executive publisher David Zucker, who will remain at Cap Cities. Major competitors include *Travel Weekly*, now owned by the Reed Business Publishing Group, and CMP's *Tour & Travel News*.☐

Ad slump flattens coated paper prices

No increase predicted for coated stock until mid 1991

by Cary Peyton Rich

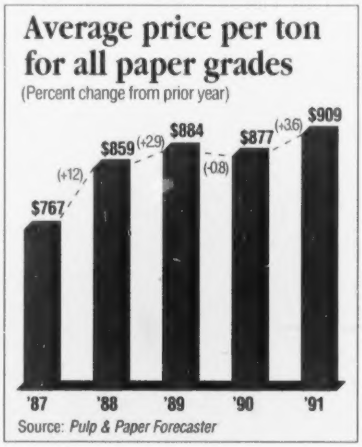
SAN FRANCISCO—With all the news about the weakening ad market and magazines losing pages, it's been easy to grow discouraged of late. But there is *one* good thing to come out of the ad slump: Coated paper prices will remain steady until at least early 1991, according to Miller Freeman's *Pulp & Paper Forecaster*.

"The most competitive markets are those using coated grades because of weakness in major advertising-based markets such as magazines and inserts," notes the executive overview of the *Forecaster*. "Sluggish demand and increasing capacity, coupled with high imports, are keeping downward pressures on prices for coated papers, and the highly competitive nature of these markets is going to be around into early 1991."

However, 1989 brought nearly 500,000 tons of new capacity on-line.

Meanwhile, a recent survey conducted by Magazine Publishers of America found that publishers expect to use only 0.6 percent more coated groundwood in 1990. They believe demand will increase 4.4 percent for next year.

But although list paper prices are expected to remain steady into mid 1991, real prices are going up, says Dan Temple of Jaakko Poyry, a paper consulting firm. "Real prices are going up by reason of less discounting," he says. Real prices of coated groundwood are rising by about $20 a ton.



Source: *Pulp & Paper Forecaster*

***Strong demand will lead** to an average price increase of 3.7 percent for all paper next year. However, due to sluggish ad pages, coated grade list prices are expected to remain steady.*

Temple predicts no new list price increases until mid 1991, but he warns that the market will be driven by coated free sheet prices, not magazine ad pages. Although major new coated free sheet capacity is going on-line in mid 1991, Temple says a price increase for that grade early in the year could push coated groundwood prices up, also.

Ad recovery could spark hikes

And what if publishers' wishes are answered and ad pages pick up? "If there's a decent recovery next year, by midyear there could be a nice [list] price increase," says Temple.

Paper mill operating levels are expected to increase to 92 percent in 1990 from 90 percent in 1989. The lowest U.S. operating levels continue to be for coated paper. But levels for coated groundwood grades are expected to recover strongly by late 1991 because no major capacity is being added. ☐

Absolut-ly—signed, sealed and delivered

by Ellen Tulin

NEW YORK CITY—Received any letters bearing a canceled stamp marked "80 proof"? Don't blame Ed Kosner. The publisher and editor of *New York Magazine* says he checked with the United States Postal Service (USPS) before publishing Absolut Vodka's "Absolut First Class," a set of stamps bound into the July 2-9 issue.

"They were meant to be letter enhancers, like Easter Seals, but some people sent them out as stamps," says Richard Lewis, senior VP and management supervisor at TBWA, Absolut's advertising agency.

The eye-catching ad—featuring the works of artists Andy Warhol, Keith Haring, Ed Ruscha and Kenny Scharf—garnered a lot of media attention. But so far, there've been no complaints from the USPS, which processed mail bearing the bogus stamps.

ABSOLUT FIRST CLASS.

***Absolut's bogus stamps** sneaked through the U.S. Postal Service.*

It may be that the USPS has egg on its face. In a televised report, says Lewis, postal officials were heard to have said, "You can't get it by our equipment."

How many *New York Magazine* readers were able to send letters with the Absolut stamps? No one knows for certain, but the USPS maintains that the amount is not worth worrying about.

"It isn't something we have a lot of concern for," says a USPS spokesperson. "Not too many people try to do it." ☐

Looking on the bright side

Ad spending will revive after 1991, according to industry forecaster

by Liz Horton

NEW YORK CITY—Consumer and trade magazine publishers face a slow two years as the economy contracts, but advertiser spending on magazines will revive after 1991 as corporate restructuring is completed, according to the 1990 Communications Industry Forecast by Veronis, Suhler & Associates, investment bankers to the communications industry.

The 1992 election/Olympics year will also pull extra ad dollars into consumer magazines, bringing total spending (from advertisers and readers) up an average of 7.5 percent a year over the next five years. Business titles, heavily hit in recent years by restructuring and competition from information services, trade shows and direct mail, will do better than they have been; spending on these magazines will grow at an average of 5.7 percent a year.

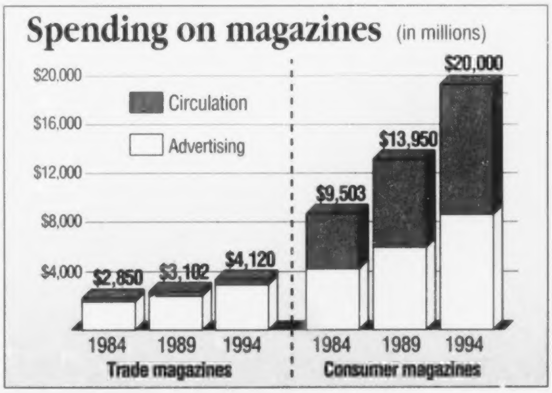
Consumer magazines

Spending on consumer magazines will continue to grow faster than the GNP over the next five years, but "relative growth is declining compared to the economy," says president and co-CEO John Suhler; while spending on magazines outperformed the economy by 1.2 percent between 1984 and 1989, it will do so by only 0.3 percent over the next five years.

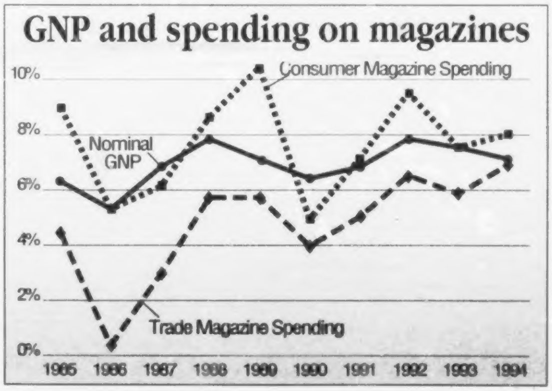
Sluggish economic growth, already generating a plunge in ad dollars, will continue through 1991.

The quadrennial spike—the phenomenon in which increased political and Olympics-related advertising pulls ad dollars from the years preceding and following the quadrennial year—will pull ad spending up 9.6 percent in 1992. The completion of restructuring in the economy will boost spending in 1993 and 1994.

Spending cutbacks in the tobacco, alcohol and computer industries brought slow years between 1984 and 1987, but 1988 ad spending in magazines jumped 8.3 percent, primarily because of the quadrennial spike. The decline expected after 1988 did not materialize as companies emerged from restructuring, national advertising revived, and unit circulation increases brought in higher ad revenues.



***Readers spent more on consumer titles than advertisers did** during 1989, a trend that will continue. Meanwhile, trade advertising will increase slightly by 1994.*



***Trade magazines will grow at near-GNP rates** by 1994, for the first time in a decade. Note the effects of election/Olympics years on spending growth.*

Circulation spending will continue to grow faster than ad spending on consumer magazines, both because of price increases and increased unit circulation. Over the past five years, prices have increased at an average annual rate of 4.7 percent, while the CPI has risen just 3.6 percent. Over the next five years, prices will rise 5.4 percent a year.

Trade titles

Trade magazines "will continue to underperform economic growth," says Suhler, but they have been catching up a bit over the past two years as economic restructuring has wound down. Although the slow economy will limit increases in 1990 and 1991, trade magazines will perk up afterward, with spending on these publications growing an average 5.7 percent a year between 1989 and 1994, up from 3.9 percent annually for 1984 to 1989. Only as they close in on 1994, however, will spending on trade magazines grow at rates approaching GNP growth.

"Trade magazines typically prosper in expanding markets," says the report. Restructuring has meant unbalanced ad spending programs; fewer new technologies, companies and products generating editorial and advertising; and smaller audiences.

"More business publications are down now in pages than in the past 10 to 15 years," says James Boddorf, executive vice president with Veronis.

For many, however, ad price increases mean revenues have not been affected. Because of the close links between the health of trade magazines and the industries they cover, magazines in expanding industries—among them telecommunications, architecture, the home building market, agriculture and oil and gas—will do better than average. ☐

Pages: Fighting the battle

(CONTINUED FROM PAGE 180)

tinue to take major bites out of the business marketing budgets that were once the domain of the print publisher. Here are some examples from a study done by Business Marketing on where the communication budget dollars are allocated.

- $94 billion is being spent.
- $8.6 billion: Advertising.
- $30.1 billion: Direct marketing. (Included in that is $27 billion from telemarketing.)
- $21.0 billion: Trade shows.
- $7.6 billion: Sales promotion.

One could look at the $8.6 billion for advertising and feel pretty good about the "crumbs that fall from the budget table." But take a closer look at the breakdown of that $8.6 billion ad budget:

- $3.0 billion: Trade print.
- $1.1 billion: Consumer print.
- $2.0 billion: Yellow Pages.
- $1.1 billion: Ad production.

And smaller amounts go for directories, outdoor and broadcast.

Bad masquerading as good

Well, $3 billion still doesn't look too shabby—or does it? Remember, trade print received about 50 percent of the budget in the red-hot sixties, but now it looks more like 3 percent. I know about all those statistics that show print representing 30 percent of the communication manager's budget—and that works with the above numbers. But the growth tools of the nineties many times are part of the sales manager's budget (trade shows, telemarketing, incentives, sales force management), and the money goes there at the expense of the communication manager's budget.

For example, the latest industry figures show direct marketing and trade shows being the biggest gainers, taking 12.3 percent and 16.5 percent of the communication manager's budget. So even though the communication manager's budget can increase 10 percent, the sales manager, directly or indirectly, could easily get a boost to his budget of 30 to 40 percent more, based on the growth of alternate media tools compared to print.

What's happening?

It's called ROI—return on investment. The sales manager likes direct sales tools such as trade shows and the phone because they are more accountable. Top management likes the sales manager's plan because they can see by the numbers where it's going. The trade print publisher has not been able to do that very effectively for the ad manager/ad agency. Maybe that's why published reports show 50,000 ad pages leaving the market during 1985/88, pages being off 5.3 percent in 1989 over 1988, and looking down again for 1990.

> **"The best way to win this war is to utilize the one thing the new enemy would kill for: The dedicated magazine reader."**

Although those 50,000 pages do not represent the entire trade print market, they do come from a representative sample of the publishing industry—516 key magazines serving their segments, and measured by five different companies. The trend is uncomfortably clear.

Turning the battle around

The only solution for this weary publisher "commander" is to use the tactics of his "unseen" enemy. These are the people with the great growth numbers:

- Telemarketing, 140 percent over two years, in some segments.
- Sales promotion, 26 percent in 1989.
- Direct marketing, 14 percent.
- Trade shows, 17 percent.

The best approach is to utilize the one thing the new enemy would kill for: the dedicated magazine reader. Publishers sell this gold mine to anyone and everyone with no thought that they are giving away the best part of their competitive strategy. Why not protect that list and use it against the new competition by selling what *they* sell—ROI-based accountable programs that include telemarketing, trade shows, direct marketing, event marketing, video magazines, electronic databases and electronic magazines, training videos and "custom" industry seminars. Believe me, there is no vendor of communications one-on-one services that can top the credibility and loyalty of a trade magazine and its reader.

The revenue stream possibilities for a publisher are considerably increased: He is no longer fighting over $3 billion in a declining market with 4,000 competitors, but fighting for a share of $67.2 billion (advertisement, direct mail, trade shows and sales promotion). Even the crumbs from the table look a lot better.

And I haven't even gotten into the possibilities five years out of joint ventures with the Mini-Bells, Prodigy, GE, etc. when their electronic database publishing vehicles need the one thing they will never get: reader loyalty to the editorial product and editor of a magazine.

So why don't we all stop shooting ourselves in the foot and do what some very smart publishers are starting to do: Concentrate on the real war and stop trying to win the short-term battles.☐

Wouldn't you like your own copy of

Defensive Strategies 74

Turn to page 111 to begin your personal subscription today!

POINT OF VIEW BY JIM WHITE

Where have all the pages gone?

It depresses me when a trade publisher gloats over a 10 percent gain in market share— when his industry segment just showed an overall yearly decline in pages of 20 percent. I'm reminded of a movie battle scene where the commander is winning the battle on his North front (where he is), but loosing it on the East, West and South fronts. And he is so close to the North battle that he doesn't see he is losing the war to an enemy he has yet to meet.

Specifically, I'm referring to the fact that, overall, the trade print publishing industry seems to be loosing more and more pages to other forms of marketing/communications.

Why? Is the buyer of media sales vehicles less than informed when it comes to evaluating media? I'm sure many publishers, media sales reps and publishing executives might say yes. After all, several studies show the effectiveness of trade print over other media for generating leads from prospects, for selling products (the ARF/ABP study), and, from a CPM standpoint, reaching a very targeted audience very efficiently.

In fact, anyone who has been in the business of business marketing for any length of time would not argue with the above. What they would argue is whether that "commander" selling them this excellent tool is really doing a credible job of presenting his product in comparison to other media tools.

But, a publisher might ask, why remind a prospect that there are any other tools out there? That battle raging on the East, West and South is the problem of the telemarketing, sales promotion, direct mail, trade show and electronic database people—not me. Is it really?

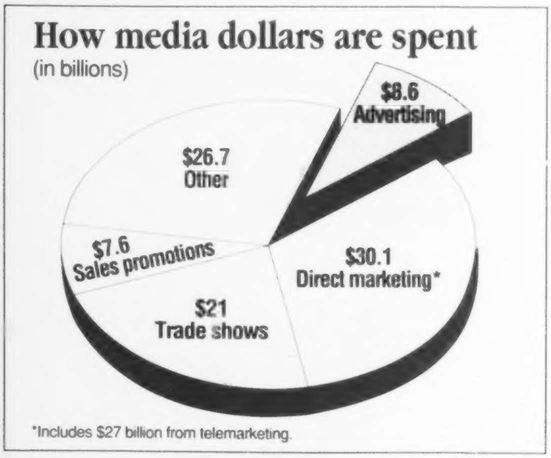
Where the money goes

Actually, these media forms con-

(CONTINUED ON PAGE 179)

Jim White is president and chief executive of White Marketing Group. He had been vice president, director of client services at Bozell & Jacobs, and vice president, corporate marketing at Chilton Publishing.

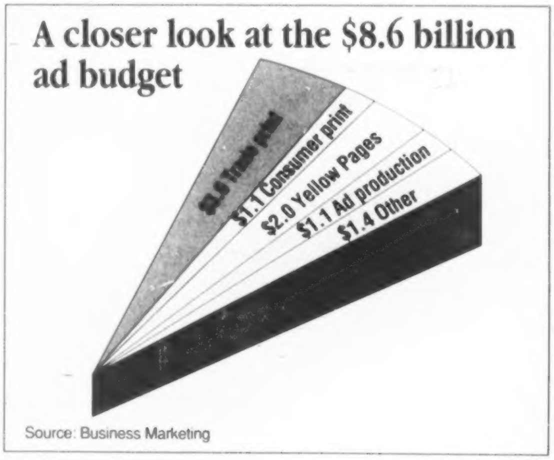
The real battle is not to increase pages over your print competitor, but to increase market share over other media



How media dollars are spent

(in billions)

*Includes $27 billion from telemarketing.



A closer look at the $8.6 billion ad budget

Source: Business Marketing

***Who is getting the money?** $8.6 billion out of roughly $94 billion looks like a pretty good amount spent in advertising—until you take a closer look and realize that of that $8.6 billion, only $3 billion goes to trade print.*

Ad sales compensation survey . . . see page 114

Folio:

OCTOBER 1, 1990 THE MAGAZINE FOR MAGAZINE MANAGEMENT $6.50

Reader's Digest: New directions

Reader's Digest Association is using its vast resources to pump new blood into four recently acquired "affinity group" magazines. Objectives for each magazine go beyond profitability. The plan is to exploit synergies, develop ancillary products and expand the giant database. 96

THOMAS KENNEY

SHEILA WYLE

GREG CAREY

MARGARET S. SIMMONS

MICHAEL BRENNAN

KATE GREER

A breed apart

The merger of a fashion title and a general business magazine will be tried by time as observers question the viability of the unique hybrid. 46

How Mideast crisis will impact publishing

With oil prices soaring higher, price hikes for publishing suppliers appear imminent. Even though distributors and wholesalers will bear the short-term burden, publishers won't get a free ride for long. 25

Hearst's retail edge?

A deal between ICD/Hearst and Distribution Services, Inc. (DSI) calls for DSI's forces to sell and service Hearst titles at the retail level. One industry consultant says, "If I were one of Hearst's competitors, I'd be worried." 34

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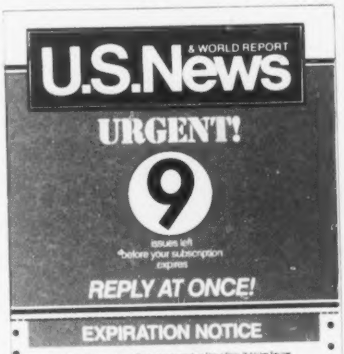
U.S.News & WORLD REPORT

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9

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EXPIRATION NOTICE

October 1, 1990

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John and Kay Miller's magazine company helps link protected minorities to companies complying with U.S. law.

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Jan Bruce, new owner of *The Walking Magazine*, is quickening her pace, hoping to strengthen the previously undermarketed title.

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Convention dailies Producing 88 pages of live editorial overnight, in foreign cities, can mean 18-hour days and mammoth staffs—unless you turn to DTP. 93

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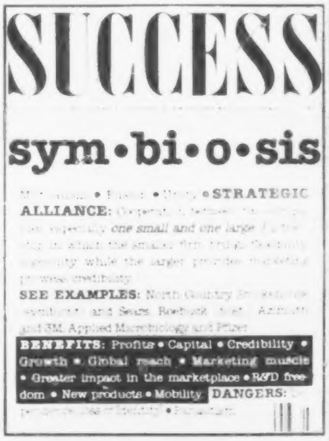

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Vol. 19 No. 10

Folio:

THE MAGAZINE FOR MAGAZINE MANAGEMENT

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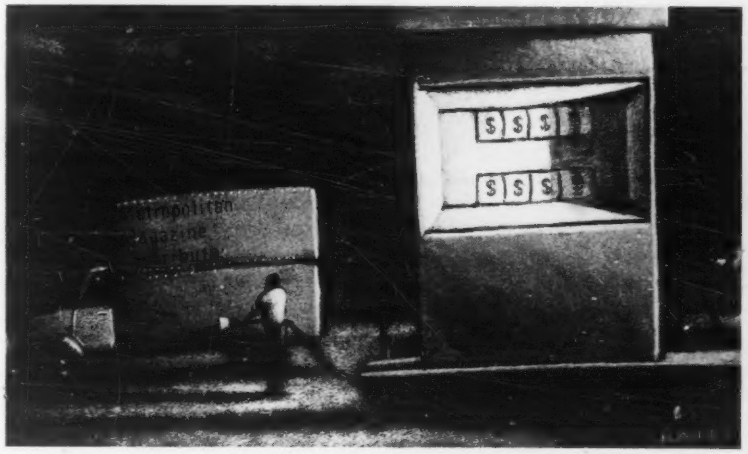
UPDATE

Gauging the impact of the oil conflict

Publishers hedge bets as Mideast crisis plays out

by John Masterton



GREG HALLY

NEW YORK CITY—Saddam Hussein has wreaked havoc with world petroleum markets, but publishing people aren't worried about being socked with steeply escalating operating costs. Not yet, anyway.

"Unless it becomes a shooting war, the oil crisis in the Mideast will have little or no effect on publishing costs," says Harry Ardoline, director of purchasing and production at Rodale Press. "I doubt it will be anything more than a blip here and there."

Of course, many publishers already face precarious business conditions. The good news, however, is that early indications are that higher fuel costs won't add significantly to their woes.

In a sense, sources say, an oil crisis really can't make things much worse for publishers. While advertising sags at many titles, publishers are already paying more for paper. And companies like Rodale Press, Time Inc. Magazines and Times Mirror Magazines have seen ink costs leap 8 percent. An industry analyst warns that costs of other oil-based chemicals may soon head up.

Prepared for higher postal rates

Similarly, publishers were bracing for double-digit postal rate increases even before Hussein claimed Kuwait as Iraq's 19th province. While higher fuel costs may wound the United States Postal Service (USPS) deeply, they are unlikely to affect the Postal Rate Case now awaiting approval in Washington.

"A one-cent rise in the price of gasoline translates into an extra $960,000 a year in operating expenses," says USPS spokesman Robert Hoobing. "So our costs obviously are going up. But it would be too time consuming to withdraw and amend the rate case. It would take about a year just to do the revisions and refile it."

Clearly, the cost of delivering magazines is going up. But publishers

(CONTINUED ON NEXT PAGE)

Teen titles top circulation gainers

Newsstand sales decline overall; many books miss filing date

by Tony Silber

NEW YORK CITY—These days, a lot of magazines—even those that write about, say, architecture or cattle feed—might be wishing they could put the New Kids On The Block on their covers.

Why? Because while the overall circulation news is disheartening, teen magazines are experiencing a newsstand high brought on by the New Kids' phenomenal success.

Consider this: Magazine circulation for the first half of 1990 is down at many magazines, according to the Audit Bureau of Circulations (ABC). And newsstand sales are doing especially poorly. Of 574 U.S. members of ABC, 220 reported declines in newsstand circulation for that period. Of those, 44 reported declines of more than 20 percent from the same six-month period in 1989.

"The number that struck me was that 55 percent of the members declined in newsstand, which I believe is the highest in 10 years," comments Dan Capell, editor of "Capell's Circulation Reports," an industry newsletter.

Now consider this: Of the five

(CONTINUED ON NEXT PAGE)

Crisis affects publishing slightly

(CONTINUED FROM PREVIOUS PAGE)

have little to fear, advises consultant Ron Scott. "It costs only three cents to transport a half-pound magazine from the printer to the retailer," he argues. "What's it going to go up, .0003 cents? Cost of delivery is the last thing in a publisher's operating calculations for good reason."

The picture, however, is very different for the distributors and wholesalers, who put the gas in the trucks that deliver the periodicals.

"Gas is the lifeblood of our operation. To put it bluntly, my costs have skyrocketed and I'm stuck," laments Sid Stern, president of United News. "My gas prices jumped 20 percent the day after the Iraqi invasion. They've since leveled off at about 12 percent above previous rates. But I move 2,800 titles in 240 vehicles, and I'm feeling it."

Unfortunately, Stern continues, he can't pass along his higher expenses. "The way this business operates, there's no real way to get part of it back. Retailers already know publishers' suggested selling prices, so we have little leeway there. And publishers are very cautious about raising cover prices, especially if newsstand sales are off."

Although publishers may not immediately feel the sting of higher gas prices, there is still vast potential for long-term damage, especially if higher fuel bills exacerbate a slumping economy. For instance, a sustained gas price hike might curb consumer spending, which, in turn, could prompt some advertisers to cut back even further on media budgets. "The primary concern for printers and publishers is the threat of a recession," notes a print industry observer who requested anonymity.

> For now, most magazine publishers are sitting tight and following the Mideast news closely.

According to a spokesperson for Alternative Postal Delivery, the Mideast crisis could have an indirect effect on alternate delivery firms, especially if inflation rates increase. "It will depend on whether gasoline prices continue to rise at a steady rate over the next several months," the spokesperson says.

Calling out the military Reserves poses other challenges for suppliers, who temporarily lose the services of key employees. "The printing industry has more than 500,000 employees," says the industry observer. "There may be some printers who have employees in the Reserves."

And for the postal service, higher gas bills may go far beyond refilling the gas tank. "Far more important to us is what effect sustained higher prices will have on the rate of inflation," explains Hoobing. "Labor already accounts for 83 percent of operating costs, and we may well have to increase our employees' cost-of-living allowances."

For now, though, most magazine publishers are sitting tight and following the news closely. "I'm certainly not ignoring the oil crisis," Rodale's Ardoline says. "I just don't foresee a significant impact on our operating costs."☐

Cary Peyton Rich contributed to the reporting of this article.

Teen titles triumph

(CONTINUED FROM PREVIOUS PAGE)

top circulation performers in the first half of 1990, four were teen magazines. Each increased its total paid circulation by more than 50 percent.

"That's the New Kids On The Block," says Michael Vitetta, circulation manager at Macfadden Holdings, Inc., which publishes *Teen Beat*. "Before the New Kids came out, the teen market was a little slow. Now there are magazines out there that weren't there last year."

This is at least the second consecutive half-year in which the New Kids helped boost circulation for teen magazines, according to ABC.

The New Kids obviously can't help the entire magazine industry. In fact, the group may actually be *harming* the heavy metal music title *Circus Magazine*. Publisher and editor in chief Gerald Rothberg's magazine had one of the sharpest falloffs, a 29.3 percent drop, from 307,092 in the first half of 1989 to 217,056 this year.

He admits that the New Kids boom may be causing younger teens to "dawdle a little bit" before moving up to magazines like *Circus*.

Another significant element in ABC's Fas-Fax report is the number of publishing houses that did not file in time to meet ABC's deadline. Of 574 U.S. members, 118 missed the filing time. By contrast, 112 missed the deadline in the last half of 1989, 78 missed the deadline in the first half of 1989 and 70 missed the deadline in the last half of 1988.

"This had to be an all-time record," says Capell. "You always wonder if publishers are trying to hide something [when they don't file on time]."☐

The top U.S. circulation gainers & losers

(First half of 1990)

Magazine	Jan.-June 1989	Jan.-June 1990	% change
Honolulu	32,770	71,371	+117.8
Super Teen	123,555	264,343	+113.9
Teen Machine	78,635	145,684	+85.3
16 Magazine	137,547	226,653	+64.8
Teen Beat	192,470	292,492	+52.0

Magazine	Jan.-June 1989	Jan.-June 1990	% change
Transworld Skateboarding	164,294	100,083	-39.1
BMX Plus!	63,289	43,816	-30.8
Circus	307,092	217,056	-29.3
Travel-Holiday	768,925	553,987	-28.0
Grit	560,715	451,588	-19.5

Source: Audit Bureau of Circulations

While the New Kids help teen titles, Honolulu *drastically increased its circulation by folding a cable TV guide into itself. On the decline side,* BMX Plus *lost subscribers when freestyle tricks became too difficult for its readers to perform.*

JULIE MCWILLIAMS

No go for new logo?

Two Lone Star titles prepare to duel in effort to save (type)face

by Cary Peyton Rich

AUSTIN, TEXAS—*Texas Monthly. Houston Metropolitan*. Both magazines recently introduced redesigned logos in similar typefaces. Are the logos easy to confuse? *TM* thinks so, and the regional title is seeking to stop *HM* from using the font.

TM recently filed a civil action in U.S. District Court for the Western District of Texas, seeking to bar *HM*'s further use of its logo. At press time, the preliminary court date had been set for late September.

TM execs worry that *HM*'s new logo will dilute the worth of *TM*'s and that consumers might confuse the two titles—or think they're published by the same company. *TM* first used its new logo on its July issue; *HM*'s first use of its logo was on its September issue.

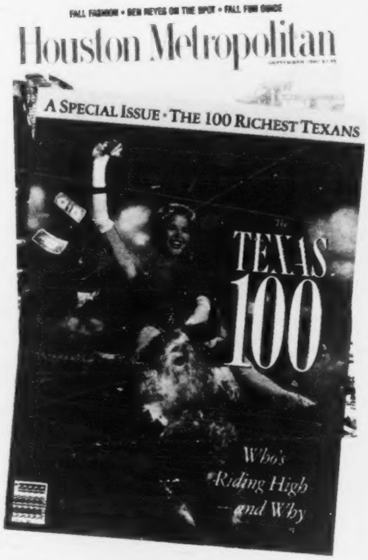
HM's old logo differed considerably from its new one. The old one spanned two lines and used two different typefaces, one of them similar to the new typeface. "When I started here in February, I wanted the magazine to be redesigned by September. We all had the same starting point," explains *HM* publisher Roger Tremblay. "We wanted it to be more simple, less cluttered. If anything, we wanted it to be more like *New York Magazine*."

TM supports its claim by citing an analogous case, Consolidated Freightways Inc. v. Central Transport Inc. In that case, Consolidated Freightways won an injunction against Central Transport because, despite the difference in wording, the logos were held to be confusingly similar.

To the several people who have approached Tremblay with the possibility that *HM* is trying to copy *TM*, he has one reply: "Absolutely not. It would be stupid marketing. What we intend to do is very different. And I don't think we're as competitive as Mike Levy [TM's publisher] does."

Calling the suit "meritless and frivolous," Tremblay adds, "If you looked in SRDS, you'd find 25 to 30 magazines with similar or the same typeface."

"Much of trademark law is determined on a case-by-case basis," says Robin Rolfe, executive director of the United States Trademark Association. And although typefaces historically have been exempt from protection under copyright, "one typeface could create an idea that both came from the same source. Particularly in a geographic region, when one is a subset of another, they could both appear to be part of the same company."☐


Houston Metropolitan
A SPECIAL ISSUE • THE 100 RICHEST TEXANS
TEXAS
100
Who's Riding High and Why

Following redesigns, Texas Monthly ***and*** Houston Metropolitan ***introduced logos with a similar font.***

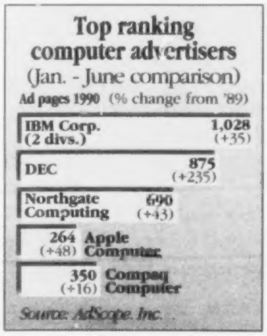
Computer advertisers alter spending

by Susan Hovey

SALEM, N.H.—Many computer companies are pouring their ad dollars into computer magazines, while spending less on the pricier general business journals. This is in an effort to get their products on the short shopping lists of people who actually purchase computer equipment.

"They won't get on that short list through *Business Week*, *Forbes* or *Fortune*" says Bill Gollan, a computer magazine consultant and CEO of Gollan & Cohler Inc., a market analysis firm for high-tech publications and advertisers. "A few years ago it was sort of 'nouveau' to be seen in those titles. But if you track ad schedules, you'll probably find that not many have been repeated."

Through the first half of 1990, advertising in computer magazines was up 4 percent over the same period last year, according to Adscope, a tracking firm in Goldendale, Washington, that ranks the ad spenders in 126 computer, telecommunications and business/news journals.



Computermakers *are spending more on computer titles.*

Even the "top spenders are concentrating their dollars in the known computer-user market," says Adscope president Sheila Clarke. She notes that both IBM Corporation and Compaq Computer managed to increase overall ad pages in the first half of 1990, while cutting ad dollars by 2 percent from the same period last year.

IBM's personal computer division ran 16.5 pages in *The Wall Street Journal* for the first six months of this year, compared to 47 in the first half of 1989. At the same time, it increased its exposure in *Infoworld* from 17 pages to 36.

"Users are relying more on special interest magazines to keep current," Gollan explains. "The decision makers are not counting on the horizontal business publications, which may allocate only a small percentage of their editorial to technical issues."☐

FOLIO:'S

1990 ad sales compensation survey

The good news: Ad pages may be down or flat, but you couldn't prove it based on the money earned by ad sales professionals

BY ROBERT M. STEED

By all accounts, 1990 has been a very difficult year in the magazine business, with pages flat or down in many key categories. But you couldn't prove that on the basis of responses to Folio:'s fifth annual compensation survey of ad sales professionals.

For all categories except ad sales director, salary and salary plus bonus are substantially higher than the comparable numbers in last year's survey. Moreover, the respondents to this survey averaged double-digit increases from 1989 to 1990 in virtually every category.

For obvious reasons, then, these respondents seem to like their jobs. They revel in the freedom, the competition, the challenge and excitement—and the fact that they are rewarded in direct proportion to their contribution.

This survey indicates that those rewards can be very substantial for those whose contributions are significant. For instance, the average total compensation for the top one-third of ad sales directors is almost $150,000; for the top one-third of salespeople, it is almost $100,000.

However, the survey also reveals large variations in pay. The lowest paid one-third of directors and salespeople average total compensation of only about $50,000 and $33,000, respectively.

• In summary•

- **Ad sales professionals indicate substantial** increases in their earnings, despite the hard times in the industry.
- **Pay levels among the highest paid one-third** of ad sales professionals average well over $100,000 in all categories—except the lowest one, ad sales person. And even there the average is almost $98,000.
- **Bonuses and commissions are a vital** ingredient in the pay package of ad sales professionals, representing an average of 30 to 40 percent of total compensation, depending on job category.
- **Magazine size, measured in a variety** of ways, correlates directly with pay. In many cases, people on the largest magazines earn two to three times as much, in salary and total compensation, as their counterparts in the same category on the smallest magazines.

Among the other general conclusions reached from this survey, which gives the complete rundown on salaries and total compensation for ad sales directors, managers and salespeople, are the following:

- The correlations between pay and various demographic and size criteria are very similar throughout all job categories, except for branch/regional/category managers. Magazine size is an especially strong indicator of pay, with those on the largest magazines frequently earning two to three times the pay of those on the smallest.
- Bonuses/commissions are a significant element in the pay of ad sales professionals, with total compensation averaging between 56 and 62 percent higher than salary alone throughout all four job categories.
- The pay gap between men and women appears to continue to be narrowing (albeit slightly). This is especially true at consumer magazines where, in many instances, women earn over 90 percent of what men earn. By contrast, among business magazines the differential is often closer to 70 to 75 percent.
- Ad sales professionals in the Northeast and West generally outstrip their counterparts in the rest of the country. And those in the South usually lag badly.

Ad sales directors

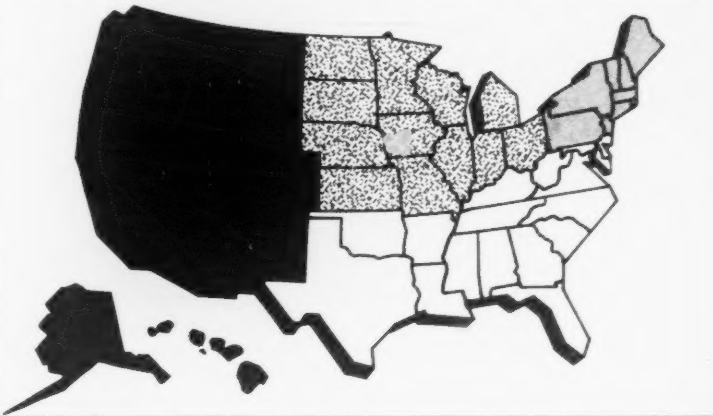
Those ad sales directors who indicated they receive both salary and bonus (81 percent of the sample) earn $60,080 in salary and $93,621 in total compensation.

Thus, bonuses and commissions lifted the average salary by about 56 percent. There are large differences in the pay levels of directors, with those in the top one-third averaging almost $150,000 in total compensation—three times what those in the bottom one-third earn.

Ad sales directors working on business magazines outpace their consumer counterparts by about $7,000 in salary and $13,500 in total

The regions have been divided as follows:

■ Western ▨ Northeast ☐ South ▨ North central



compensation. Those in the Northeast lead directors in other regions by substantial amounts in salary. But very sizable bonuses in the West bring total compensation for directors there within $6,000 (6 percent) of those in the Northeast.

Women earn almost $12,000 less than men in salary, or 81.5 percent as much. However, on consumer magazines, the difference is only $3,500 (94 percent), while on business magazines it is $18,000 (73.3 percent). The total compensation of women directors is 75 percent of men's.

Experience has a direct and significant impact on pay. Salary and total compensation rise steadily from $37,154 and $47,700, respectively, for those with three years or less in ad sales to $83,200 and $153,000, respectively, for those with 20 or more.

This survey measures the size of magazines in many ways. But in almost every case, pay correlates directly with size. For example:

- Salary rises steadily from $37,578 for directors with the smallest departments to over twice as much ($82,229) for those who supervise more than 10. Total compensation follows the same pattern.
- Total compensation of ad sales directors of magazines with $20 million plus in ad revenue is $153,500—three times as much as those with less than $1 million in ad revenue. Salary, too, shows the same direct correlation with ad revenue.
- The pay difference between directors on the smallest and largest magazines measured by ad pages is not as large. It moves from $37,346 in salary and $55,333 in total compensation for those at magazines with under 200 ad pages to $73,734 and $112,183, respectively, for those at magazines with over 1,000 ad pages.
- Only in circulation does the correlation fail, with directors on magazines with circulations under 50,000 earning slightly more than those on magazines with circulations between 50,000 and 100,000.

Directors on weeklies and biweeklies earn almost exactly the same salary and total compensation as their counterparts on monthlies. Both outpace directors on magazines with other periodicities.

Ad sales managers

Compensation of ad sales managers trails that of directors by $11,982 in salary and $18,659 in total compensation. In each case, that is a 25 percent differential. And, as with

Using the numbers

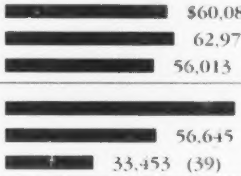
It is important to use the salary information in this survey cautiously. In many instances, there were not enough respondents in certain subcategories to allow valid conclusions to be reached, since even one exceptionally high or low salary could affect the average dramatically. For this reason, FOLIO: is publishing the number of respondents in each cell (shown in parentheses). In addition, not all respondents answered all questions. Therefore, the total number of respondents in the "average" column of a chart is not necessarily the sum of the subcategories.

The survey also examines only one variable at a time. For example, ad sales directors in the Northeast earn higher salaries than their peers in other regions. But are those in the Northeast who participated in the survey working on larger magazines? Are they the ones with the most experience? The survey methodology does not enable these multiple variables to be analyzed.

One should also be cautious about comparing the data in this survey with data from prior years. Because the sample is drawn randomly from mastheads each year, those who responded to this survey may well come from a different mix of magazines or demographics than respondents to prior surveys. Comparisons are thus best made not on the broad averages, but on the more detailed breakdowns by magazine size, respondents' experience and the like.

Ad sales director: Salary

Advertising sales director (in some cases may have the title of publisher): top ad sales executive; manages ad sales department; sets policies and procedures; is responsible for reaching goals and quotas; hires and trains personnel.



Average salaries (The number of respondents is in parentheses.)		**% increase from '89 to '90**
All respondents	$60,080 (115)	13.2%
Business	62,975 (61)	11.0
Consumer	56,013 (52)	16.0
Top one-third	$90,842 (38)	
Middle one-third	56,645 (38)	
Bottom one-third	33,453 (39)	

	Average	Average business	Average consumer
By region:			
Northeast	$69,723 (40)	$68,375 (20)	$71,070 (20)
South	49,229 (24)	53,571 (14)	41,833 (9)
North central	57,684 (19)	57,667 (12)	50,667 (6)
Western	53,134 (28)	62,667 (12)	45,984 (16)
By sex:			
Male	$63,750 (79)	$68,256 (43)	$57,243 (34)
Female	51,940 (35)	50,088 (17)	53,689 (18)
By age:			
29 or less	$38,864 (11)	$46,500 (7)	$25,500 (4)
30-39	59,794 (60)	61,100 (30)	58,609 (29)
40-49	60,522 (23)	68,667 (9)	55,286 (14)
50 or more	72,350 (20)	72,143 (14)	67,400 (5)
By years in ad sales:			
Up to 3	$37,154 (13)	$51,750 (4)	$30,667 (9)
4-10	52,018 (51)	55,767 (30)	46,245 (20)
11-20	70,579 (35)	73,219 (16)	68,355 (19)
More than 20	83,200 (15)	73,500 (10)	103,250 (4)
Employees supervised:			
None/one	$37,578 (18)	$48,222 (9)	$26,933 (9)
2-5	52,899 (42)	58,870 (23)	45,671 (19)
6-10	62,917 (30)	64,882 (17)	57,227 (11)
More than 10	82,229 (24)	72,773 (11)	90,231 (13)
By ad revenue:†			
Up to $999,999	$37,257 (34)	$44,808 (13)	$32,583 (21)
$1 million-$2,999,999	59,617 (30)	60,975 (20)	52,111 (9)
$3 million-$7,999,999	72,539 (23)	76,692 (13)	67,140 (10)
$8 million-$19,999,999	79,423 (13)	76,750 (10)	105,000 (2)
$20 million or more	89,091 (11)	65,000 (2)	94,444 (9)
By ad pages:†			
Up to 200	$37,346 (13)	$48,625 (4)	$32,333 (9)
201-499	51,028 (27)	52,933 (15)	48,646 (12)
500-999	65,531 (32)	65,119 (21)	66,318 (11)
1,000 or more	73,734 (32)	72,658 (19)	77,000 (12)
By frequency:†			
Weekly/biweekly	$65,050 (20)	$67,667 (12)	$61,125 (8)
Monthly	65,034 (70)	63,500 (41)	66,032 (28)
Other	42,163 (23)	52,857 (7)	36,317 (15)
By circulation:†			
Up to 49,999	$53,177 (48)	$57,986 (35)	$40,231 (13)
50,000-99,999	48,681 (18)	56,714 (7)	43,568 (11)
100,000-499,999	63,742 (31)	75,278 (18)	47,769 (13)
500,000 or more	90,457 (14)	60,000 (1)	92,200 (12)

† Refers to the largest revenue producing magazine on which respondent works.

> **"The autonomous working environment is appealing. I'm free to create and produce results."**
>
> **—Ad sales director in the West, earning approximately $120,000 in salary and bonus/commission.**

[redacted]

MICHELLE ROLLO

Ad sales director: Total compensation

Average total compensation* (The number of respondents is in parentheses.)		**% increase from '89 to '90**
All respondents	$93,621 (93)	24.0%
Business	99,061 (52)	19.9
Consumer	85,605 (39)	30.8
Top one-third	$149,290 (31)	
Middle one-third	81,796 (31)	
Bottom one-third	49,778 (31)	

	Average	Average business	Average consumer
By region:			
Northeast	$101,808 (37)	$94,237 (19)	$109,800 (18)
South	71,980 (17)	77,516 (10)	63,583 (6)
North central	75,833 (15)	73,833 (9)	64,600 (5)
Western	95,935 (20)	126,000 (11)	59,189 (9)
By sex:			
Male	$101,344 (63)	$106,838 (37)	$92,279 (24)
Female	75,933 (29)	77,012 (14)	74,927 (15)
By age:			
29 or less	$59,556 (9)	$75,900 (5)	$39,125 (4)
30-39	93,039 (49)	92,804 (28)	94,670 (20)
40-49	84,704 (19)	92,208 (8)	79,246 (11)
50 or more	125,500 (15)	131,550 (10)	104,250 (4)
By years in ad sales:			
Up to 3	$47,700 (10)	$61,750 (4)	$38,333 (6)
4-10	79,990 (39)	82,923 (26)	74,717 (12)
11-20	103,853 (33)	109,211 (15)	99,389 (18)
More than 20	153,000 (11)	158,571 (7)	141,000 (3)
Employees supervised:			
None/one	$60,740 (10)	$76,417 (6)	$37,225 (4)
2-5	78,682 (33)	90,974 (19)	62,000 (14)
6-10	94,882 (28)	98,235 (17)	85,523 (9)
More than 10	120,055 (21)	107,685 (9)	129,333 (12)
By ad revenue:†			
Up to $999,999	$51,476 (21)	$62,000 (9)	$43,583 (12)
$1 million-$2,999,999	78,148 (25)	82,250 (16)	60,963 (8)
$3 million-$7,999,999	109,344 (22)	112,897 (13)	104,211 (9)
$8 million-$19,999,999	116,269 (13)	114,450 (10)	150,000 (2)
$20 million or more	153,500 (10)	222,500 (2)	136,250 (8)
By ad pages:†			
Up to 200	$55,333 (6)	$68,750 (2)	$48,625 (4)
201-499	75,033 (21)	82,708 (12)	64,800 (9)
500-999	98,024 (28)	89,759 (18)	112,900 (10)
1,000 or more	112,183 (30)	123,361 (18)	98,000 (11)
By frequency:†			
Weekly/biweekly	$103,482 (19)	$118,788 (11)	$82,438 (8)
Monthly	100,927 (56)	96,765 (34)	105,329 (21)
Other	61,856 (16)	82,250 (6)	47,689 (9)
By circulation:†			
Up to 49,999	$77,296 (36)	$82,043 (27)	$63,056 (9)
50,000-99,999	73,214 (14)	95,167 (6)	56,750 (8)
100,000-499,999	107,841 (27)	127,889 (18)	67,745 (9)
500,000 or more	134,569 (13)	63,000 (1)	139,673 (11)

* Salary plus bonus/commission; excludes people receiving salary only.

† Refers to the largest revenue producing magazine on which respondent works.

directors, there is a significant difference between the top and the bottom, with the highest paid one-third of managers earning roughly three times the salary and total compensation of the lowest paid one-third.

Unlike the directors in this survey, managers on consumer magazines receive higher salaries ($51,306 to $45,178) and total compensation ($78,286 to $71,709) than their counterparts on business publications. Pay in the South is sharply lower than elsewhere, trailing the Northeast and the West by over 40 percent.

Half the managers in this survey are female, and their salary is 77.3 percent that of male managers. That ratio moves up to almost 83 percent on a total compensation basis.

> **"I'm always learning new things and passing that knowledge on and watching the sales staff develop into real pros."**
>
> **—Ad sales director in the West, working on a business weekly, earning salary and bonus/commission of more than $150,000.**

[redacted]

The relationship of pay to age is unusual. Those under 30 earn the least, as would be expected. But the differences in pay among managers in their thirties and forties and those over 50 are virtually meaningless. And, indeed, those over 50 earn slightly *less* than those in the two younger cohorts.

Experience is a somewhat better indicator, with salary plus bonus moving steadily up from about $51,500 for those with less than three years in the business to $92,800 for those

Ad sales manager: Salary

Ad sales manager: generally the second level of management in ad sales department; reports to director or publisher; has management but not policy responsibility for personnel within the department.

Average salaries (The number of respondents is in parentheses.)		**% increase from '89 to '90**
All respondents	$48,098 (119)	14.3%
Business	45,178 (55)	16.3
Consumer	51,306 (62)	12.8
Top one-third	$74,063 (39)	
Middle one-third	45,298 (40)	
Bottom one-third	25,584 (40)	

	Average	Average business	Average consumer
By region:			
Northeast	$51,976 (48)	$48,590 (28)	$56,718 (20)
South	36,489 (18)	34,117 (6)	39,410 (10)
North central	42,982 (19)	36,763 (12)	53,643 (7)
Western	51,830 (33)	54,175 (8)	51,080 (25)
By sex:			
Male	$54,307 (59)	$52,550 (28)	$55,894 (31)
Female	41,994 (60)	37,532 (27)	46,718 (31)
By age:			
29 or less	$39,615 (33)	$42,200 (16)	$37,182 (17)
30-39	51,928 (54)	48,449 (22)	56,008 (30)
40-49	50,633 (21)	43,189 (9)	56,217 (12)
50 or more	49,909 (11)	44,375 ([illegible])	64,667 (3)
By years in ad sales:			
Up to 3	$34,435 (23)	$38,840 (10)	$31,550 (12)
4-10	47,976 (67)	43,929 (33)	52,477 (33)
11-20	60,879 (19)	53,814 (7)	65,000 (12)
More than 20	56,060 (10)	54,000 (5)	58,120 (5)
Employees supervised:			
None	$36,523 (28)	$34,261 (14)	$38,785 (14)
One	40,215 (21)	36,502 (12)	45,167 (9)
2-5	55,145 (49)	55,104 (23)	56,068 (25)
More than 5	54,974 (21)	49,950 (6)	59,268 (14)
By ad revenue:†			
Up to $999,999	$37,551 (22)	$36,252 (12)	$39,110 (10)
$1 million-$2,999,999	37,428 (39)	40,635 (20)	34,647 (17)
$3 million-$7,999,999	49,375 (16)	55,722 (9)	41,214 (7)
$8 million-$19,999,999	57,677 (11)	34,567 (3)	66,344 (8)
$20 million or more	62,390 (15)	52,975 (6)	68,667 (9)
By ad pages:†			
Up to 200	$34,045 (11)	$34,900 (5)	$33,333 (6)
201-499	40,640 (18)	33,315 (8)	46,500 (10)
500-999	44,054 (36)	41,800 (14)	47,137 (20)
1,000 or more	59,282 (36)	54,239 (19)	64,918 (17)
By frequency:†			
Weekly/biweekly	$52,973 (20)	$51,835 (13)	$58,767 (6)
Monthly	48,906 (83)	43,701 (37)	53,092 (46)
Other	37,893 (14)	38,800 (5)	38,938 (8)
By circulation:†			
Up to 49,999	$34,297 (29)	$35,159 (22)	$31,586 (7)
50,000-99,999	40,690 (18)	44,584 (11)	36,167 (6)
100,000-499,999	49,625 (43)	55,758 (18)	45,719 (24)
500,000 or more	67,008 (26)	57,067 (3)	68,304 (23)

† Refers to the largest revenue producing magazine on which respondents works.

with over 20 years.

As was the case among directors, the size of the magazine, however measured, bears a strong correlation with pay. However, the impact of size on pay is not as strong. For directors, pay on the largest magazines was typically more than twice as much as pay for directors on the smallest; for managers that differential was usually much less than double.

From the standpoint of supervising other people, "manager" may be a misnomer for many in this category. Over 40 percent of the respondents said they supervised one person or none. Not surprisingly, their pay is quite a bit less than that of managers who supervise two or more people.

"The elation of the sale and the agony of rejection keeps me going."

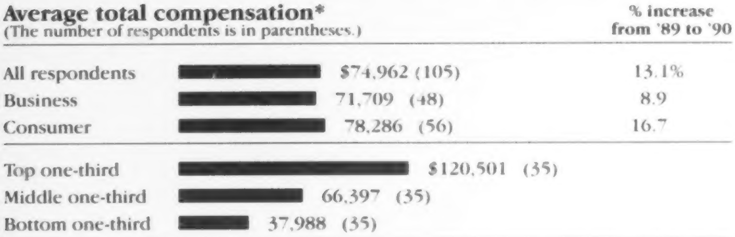
— Ad sales manager in the West, with 25 years' experience, earning salary and bonus/commission in the mid sixties.

[redacted]

Managers on magazines with up to $1 million and $1 million to $3 million in ad revenue earn a salary of about $37,500. Those on the smallest magazines (by ad revenue) actually earn over $9,000 *more* in salary plus bonus than those at magazines in the $1 million to $3 million ad revenue range. But then salary and total compensation march steadily upward to $62,400 and $112,100, respectively, on publications with over $20 million in ad revenue.

In this survey, ad pages and circulation bear the most direct, consistent correlation to pay for managers. Both salary and total compensa-

Ad sales manager: Total compensation



Average total compensation* (The number of respondents is in parentheses.)		**% increase from '89 to '90**
All respondents	$74,962 (105)	13.1%
Business	71,709 (48)	8.9
Consumer	78,286 (56)	16.7
Top one-third	$120,501 (35)	
Middle one-third	66,397 (35)	
Bottom one-third	37,988 (35)	

	Average	Average business	Average consumer
By region:			
Northeast	$79,464 (43)	$74,973 (25)	$85,702 (18)
South	56,757 (14)	41,875 (4)	64,678 (9)
North central	65,156 (16)	61,600 (10)	71,083 (6)
Western	82,580 (31)	90,900 (8)	79,687 (23)
By sex:			
Male	$81,821 (55)	$82,412 (26)	$81,292 (29)
Female	67,417 (50)	59,060 (22)	75,057 (27)
By age:			
29 or less	$62,979 (29)	$73,043 (14)	$53,586 (15)
30-39	78,673 (46)	73,219 (17)	83,188 (28)
40-49	82,858 (19)	62,967 (9)	100,760 (10)
50 or more	77,398 (11)	76,000 (8)	81,127 (3)
By years in ad sales:			
Up to 3	$51,516 (18)	$62,556 (9)	$40,477 (9)
4-10	75,363 (58)	69,586 (27)	81,575 (30)
11-20	86,563 (19)	73,171 (7)	94,375 (12)
More than 20	92,798 (10)	97,600 (5)	87,996 (5)
Employees supervised:			
None	$66,417 (22)	$58,350 (10)	$73,140 (12)
One	58,266 (20)	48,711 (11)	69,944 (9)
2-5	81,224 (45)	83,881 (21)	80,374 (23)
More than 5	88,303 (18)	93,533 (6)	85,688 (12)
By ad revenue:†			
Up to $999,999	$61,150 (18)	$51,813 (9)	$70,487 (9)
$1 million-$2,999,999	51,941 (34)	52,905 (19)	51,128 (14)
$3 million-$7,999,999	78,967 (15)	99,438 (8)	55,571 (7)
$8 million-$19,999,999	87,686 (11)	63,600 (3)	96,719 (8)
$20 million or more	112,142 (12)	128,925 (4)	103,750 (8)
By ad pages:†			
Up to 200	$43,644 (9)	$41,360 (5)	$46,500 (4)
201-499	60,178 (17)	50,146 (7)	67,200 (10)
500-999	66,742 (32)	58,592 (13)	73,836 (18)
1,000 or more	95,496 (31)	95,594 (16)	95,392 (15)
By frequency:†			
Weekly/biweekly	$88,668 (16)	$96,930 (10)	$80,876 (5)
Monthly	75,684 (75)	67,658 (33)	81,989 (42)
Other	49,577 (13)	48,000 (5)	50,563 (8)
By circulation:†			
Up to 49,999	$47,024 (25)	$49,355 (20)	$37,700 (5)
50,000-99,999	73,719 (17)	81,565 (11)	59,333 (6)
100,000-499,999	77,682 (38)	87,214 (14)	73,301 (23)
500,000 or more	98,813 (23)	125,350 (2)	96,286 (21)

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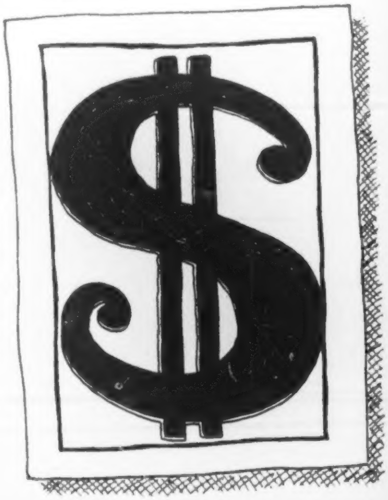
* Salary plus bonus/commission; excludes people receiving salary only.

† Refers to the largest revenue producing magazine on which respondent works.

> **"The editorial product is wonderful to sell. You always believe in what you're doing."**
>
> **—Ad sales manager in the South, working on a consumer monthly, earning approximately $75,000 in salary and bonus/commission.**

[redacted]



Branch/regional/category manager: Salary

Branch/regional/category manager: responsible for selling ad pages to accounts from specific categories (liquor, tobacco, cosmetics, etc.); or to accounts in specific regions. May supervise some staff.

Average salaries (The number of respondents is in parentheses.)

	Average salaries	% increase from '89 to '90
All respondents	$51,418 (98)	6.8%
Business	47,167 (49)	1.3
Consumer	56,100 (48)	11.9
Top one-third	$71,500 (32)	
Middle one-third	51,036 (33)	
Bottom one-third	32,327 (33)	

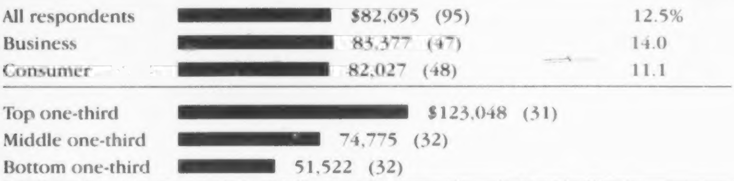
	Average	Average business	Average consumer
By region:			
Northeast	$52,483 (41)	$50,765 (20)	$55,075 (20)
South	52,500 (10)	49,250 (4)	54,667 (6)
North central	47,600 (23)	40,036 (14)	59,367 (9)
Western	54,017 (23)	51,340 (10)	56,077 (13)
By sex:			
Male	$53,800 (64)	$50,891 (35)	$57,310 (29)
Female	46,539 (33)	37,857 (14)	53,933 (18)
By age:			
29 or less	$41,300 (27)	$41,175 (16)	$41,482 (11)
30-39	53,115 (47)	48,778 (23)	58,239 (23)
40-49	57,100 (15)	46,917 (6)	63,889 (9)
50 or more	63,444 (9)	62,250 (4)	64,400 (5)
By years in ad sales:			
Up to 3	$38,165 (17)	$37,150 (12)	$40,600 (5)
4-10	50,311 (54)	47,000 (22)	53,155 (31)
11-20	59,525 (16)	53,240 (10)	70,000 (6)
More than 20	65,545 (11)	59,800 (5)	70,333 (6)
Employees supervised:			
None	$48,124 (50)	$45,991 (32)	$52,912 (17)
One	51,806 (18)	51,071 (7)	52,273 (11)
More than one	57,183 (29)	48,889 (9)	60,915 (20)
By ad revenue:†			
Up to $999,999	$44,400 (5)	$33,333 (3)	$61,000 (2)
$1 million-$2,999,999	46,905 (19)	48,477 (13)	43,500 (6)
$3 million-$7,999,999	45,182 (22)	47,464 (14)	41,188 (8)
$8 million-$19,999,999	55,467 (21)	52,813 (8)	58,942 (12)
$20 million or more	65,938 (16)	66,333 (3)	65,846 (13)
By ad pages:†			
Up to 499	$46,607 (14)	$45,000 (6)	$47,813 (8)
500-999	49,027 (30)	44,844 (16)	53,807 (14)
1,000 or more	56,743 (40)	52,142 (19)	62,200 (20)
By frequency:†			
Weekly/biweekly	$52,500 (22)	$46,958 (12)	$61,833 (9)
Monthly	51,079 (66)	46,403 (32)	55,479 (34)
Other	51,280 (10)	52,560 (5)	50,000 (5)
By circulation:†			
Up to 49,999	$40,688 (17)	$41,669 (16)	$25,000 (1)
50,000-99,999	49,587 (23)	52,676 (17)	42,000 (5)
100,000-499,999	47,318 (22)	43,417 (12)	52,000 (10)
500,000 or more	60,161 (36)	57,000 (4)	60,556 (32)

†Refers to the largest revenue producing magazine on which respondent works.

> **"There's freedom from home-office politics. And the h.o. leaves me alone to do my job."**
>
> **—Branch/regional/category manager in the Northeast, working on a business monthly, earning salary and bonus/commission in the mid fifties.**

Branch/regional/category manager: Total compensation

Average total compensation*
(The number of respondents is in parentheses.)



	Average total compensation*	% increase from '89 to '90
All respondents	$82,695 (95)	12.5%
Business	83,377 (47)	14.0
Consumer	82,027 (48)	11.1
Top one-third	$123,048 (31)	
Middle one-third	74,775 (32)	
Bottom one-third	51,522 (32)	

	Average	Average business	Average consumer
By region:			
Northeast	$86,520 (40)	$87,040 (20)	$86,000 (20)
South	81,900 (10)	94,250 (4)	73,667 (6)
North central	76,127 (22)	71,692 (13)	82,533 (9)
Western	84,950 (22)	92,933 (9)	79,423 (13)
By sex:			
Male	$83,971 (62)	$84,976 (34)	$82,750 (28)
Female	80,806 (32)	79,192 (13)	81,911 (19)
By age:			
29 or less	$65,869 (26)	$68,053 (15)	$62,891 (11)
30-39	81,276 (45)	78,473 (22)	83,957 (23)
40-49	97,033 (15)	92,083 (6)	100,333 (9)
50 or more	114,500 (9)	154,750 (4)	82,300 (5)
By years in ad sales:			
Up to 3	$59,929 (17)	$62,525 (12)	$53,700 (5)
4-10	80,294 (52)	83,619 (21)	78,042 (31)
11-20	85,400 (16)	75,933 (9)	97,571 (7)
More than 20	129,550 (10)	145,800 (5)	113,300 (5)
Employees supervised:			
None	$80,674 (50)	$81,991 (32)	$78,333 (18)
One	81,861 (18)	90,571 (7)	76,318 (11)
More than one	88,338 (26)	87,000 (7)	88,832 (19)
By ad revenue:†			
Up to $999,999	$68,500 (4)	$56,000 (2)	$81,000 (2)
$1 million-$2,999,999	69,817 (18)	72,392 (12)	64,667 (6)
$3 million-$7,999,999	71,348 (23)	73,250 (14)	68,389 (9)
$8 million-$19,999,999	91,595 (19)	93,188 (8)	90,436 (11)
$20 million or more	101,531 (16)	126,333 (3)	95,808 (13)
By ad pages:†			
Up to 499	$71,192 (13)	$67,400 (5)	$73,563 (8)
500-999	75,177 (30)	71,125 (16)	79,807 (14)
1,000 or more	92,146 (39)	92,826 (19)	91,500 (20)
By frequency:†			
Weekly/biweekly	$104,167 (21)	$105,333 (12)	$102,611 (9)
Monthly	77,367 (66)	77,932 (31)	76,866 (35)
Other	70,288 (8)	59,700 (4)	80,875 (4)
By circulation:†			
Up to 49,999	$58,419 (16)	$59,513 (15)	$42,000 (1)
50,000-99,999	90,952 (21)	100,281 (16)	61,100 (5)
100,000-499,999	80,565 (23)	86,708 (12)	73,864 (11)
500,000 or more	90,237 (35)	95,250 (4)	89,590 (31)

* Salary plus bonus/commission; excludes people receiving salary only.

† Refers to the largest revenue producing magazine on which respondent works.

tion increase steadily from the smallest magazines to the largest. And managers on weeklies and biweeklies outpace their counterparts on monthlies by 8 percent in salary and 17 percent in total compensation.

Branch/regional/category manager

The pay of branch/regional/category managers does not follow the same pattern seen for ad sales directors and managers. Most significantly, the size of the magazine does not appear to have as strong an impact on pay in this category, indicating that branch/regional/category managers are paid more on the basis of their individual contributions.

> **"The thrill of having a prospective client see my way and run a full program in my book, not the competitor's, is tremendous."**
>
> **—Branch/regional/cagtegory manager in the Northeast, with almost 10 years' experience, earning salary and bonus/commission in the high nineties.**

[redacted]

Branch/regional/category managers average $51,418 in salary, which leaps by 60 percent to $82,695 when bonuses are factored in. Salaries on consumer magazines are $9,000 (19 percent) higher. However, larger bonuses on business publications pull their lead down to 1.6 percent on a total compensation basis.

Regional differences are much less significant for this group, with the gap between the highest paid and the lowest being only 13.5 percent, instead of the 40 percent or more seen earlier. And, for a change, the

South is not the lowest paid region—the North Central is.

Although two-thirds of this category are men, women come closest to pay parity here. Their salary is 86.5 percent of men's, and more sizable bonuses bring their total compensation to 96.2 percent of men's. Most of the pay gap is accounted for by business magazines. On consumer publications, total compensation is virtually equal and the average salary of women trails that of men by only $3,400.

There is a clear, steady relationship between pay and both age and experience for these managers. For instance, salary rises gradually from $41,300 for those under 30 to $63,444 for those over 50, an increase of over 50 percent. Similarly, the total compensation of branch/regional/category managers with less than four years' experience is about $59,900, rising steadily to over twice that amount ($129,550) for those with 20 years or more in the business.

> **"I guess I like the fact that I don't have to punch a clock."**
>
> **—Ad sales person in the Midwest, working on a business quarterly, earning salary and bonus/commission of about $45,000.**

[redacted]

On the other hand, when pay is related to various measures of magazine size, the correlations are much less significant. For instance:

- There is only a 19 percent difference in salary and a 9.5 percent difference in total compensation between those who supervise no one and those with a staff of two or more.
- Whether the magazine has ad

Ad sales person: Salary

Advertising sales person (may be called account executive): calls on clients and agencies; makes presentations; maintains current accounts; develops new accounts.

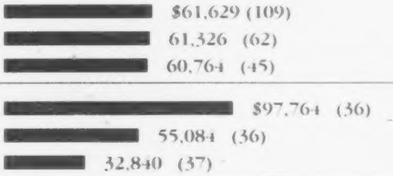
Average salaries (The number of respondents is in parentheses.)		**% increase from '89 to '90**
All respondents	$37,951 (111)	14.4%
Business	39,135 (62)	15.8
Consumer	35,816 (45)	7.8
Top one-third	$57,224 (37)	
Middle one-third	36,279 (37)	
Bottom one-third	20,350 (37)	

	Average	Average business	Average consumer
By region:			
Northeast	$44,640 (42)	$43,450 (20)	$44,329 (21)
South	24,954 (19)	27,636 (11)	21,018 (7)
North central	36,750 (24)	37,989 (19)	27,550 (4)
Western	38,343 (24)	45,049 (11)	33,183 (12)
By sex:			
Male	$43,732 (51)	$43,828 (32)	$42,270 (16)
Female	32,818 (59)	33,719 (29)	32,255 (29)
By age:			
29 or less	$30,303 (45)	$30,802 (20)	$29,067 (24)
30-39	39,312 (43)	39,100 (28)	40,652 (14)
40-49	61,333 (9)	55,200 (5)	69,000 (4)
50 or more	43,321 (14)	48,833 (9)	23,000 (3)
By years in ad sales:			
Up to 3	$28,304 (42)	$29,002 (20)	$27,669 (22)
4-10	44,298 (48)	42,921 (28)	47,111 (18)
11-20	37,267 (12)	42,125 (8)	29,069 (3)
More than 20	50,538 (8)	52,300 (5)	33,900 (2)
Employees supervised:			
None	$37,599 (103)	$38,461 (56)	$36,237 (44)
One or more	47,000 (5)	47,000 (5)	0 (0)
By ad revenue:†			
Up to $999,999	$23,738 (21)	$25,600 (10)	$21,444 (9)
$1 million-$2,999,999	32,664 (21)	34,209 (16)	27,720 (5)
$3 million-$7,999,999	42,107 (31)	46,900 (20)	33,392 (11)
$8 million-$19,999,999	44,875 (12)	44,000 (6)	39,900 (5)
$20 million or more	61,375 (8)	47,667 (3)	69,600 (5)
By ad pages:†			
Up to 499	$33,988 (31)	$32,803 (16)	$36,129 (14)
500-999	41,146 (24)	47,692 (13)	29,250 (10)
1,000 or more	43,372 (35)	41,523 (22)	46,502 (13)
By frequency:†			
Weekly/biweekly	$36,169 (13)	$39,455 (11)	$18,100 (2)
Monthly	39,856 (80)	39,582 (43)	39,569 (35)
Other	30,369 (16)	36,288 (8)	24,657 (7)
By circulation:†			
Up to 49,999	$29,845 (29)	$34,682 (22)	$12,667 (6)
50,000-99,999	37,963 (23)	40,442 (20)	20,658 (2)
100,000-499,999	39,036 (36)	42,278 (18)	35,795 (18)
500,000 or more	46,280 (20)	46,750 (2)	46,228 (18)

† Refers to the largest revenue producing magazine on which respondent works.

Ad sales person: Total compensation

Average total compensation*
(The number of respondents is in parentheses.)



	Average total compensation	% increase from '89 to '90
All respondents	$61,629 (109)	12.4%
Business	61,326 (62)	17.4
Consumer	60,764 (45)	4.3
Top one-third	$97,764 (36)	
Middle one-third	55,084 (36)	
Bottom one-third	32,840 (37)	

	Average	Average business	Average consumer
By region:			
Northeast	$65,640 (40)	$62,725 (20)	$65,584 (19)
South	40,506 (17)	43,100 (10)	36,801 (7)
North central	55,546 (26)	56,326 (19)	53,000 (6)
Western	75,329 (24)	77,128 (12)	73,529 (12)
By sex:			
Male	$71,792 (52)	$71,576 (33)	$70,012 (17)
Female	52,275 (56)	49,401 (28)	55,149 (28)
By age:			
29 or less	$44,661 (44)	$44,688 (21)	$44,120 (22)
30-39	68,405 (44)	65,715 (27)	72,677 (17)
40-49	99,500 (8)	79,750 (4)	119,250 (4)
50 or more	72,823 (13)	77,050 (10)	25,600 (2)
By years in ad sales:			
Up to 3	$41,531 (39)	$42,844 (19)	$40,283 (20)
4-10	73,504 (51)	66,869 (29)	83,500 (21)
11-20	63,371 (10)	69,786 (7)	48,403 (3)
More than 20	82,313 (8)	83,917 (6)	30,000 (1)
Employees supervised:			
None	$61,516 (101)	$60,603 (56)	$61,235 (44)
One or more	73,800 (5)	73,800 (5)	0 (0)
By ad revenue.†			
Up to $999,999	$44,097 (19)	$43,240 (10)	$45,050 (9)
$1 million-$2,999,999	46,069 (21)	46,956 (15)	43,850 (6)
$3 million-$7,999,999	67,661 (31)	71,929 (21)	58,700 (10)
$8 million-$19,999,999	83,583 (12)	85,333 (6)	73,200 (5)
$20 million or more	103,188 (8)	89,333 (3)	111,500 (5)
By ad pages:†			
Up to 499	$48,874 (29)	$41,265 (16)	$58,238 (13)
500-999	63,102 (26)	70,750 (14)	47,741 (11)
1,000 or more	76,695 (36)	72,783 (23)	83,616 (13)
By frequency:†			
Weekly/biweekly	$71,679 (14)	$76,417 (12)	$43,250 (2)
Monthly	61,682 (78)	57,951 (42)	64,350 (35)
Other	54,460 (15)	56,413 (8)	52,229 (7)
By circulation:†			
Up to 49,999	$46,437 (26)	$52,424 (21)	$21,290 (5)
50,000-99,999	57,514 (24)	60,254 (21)	38,333 (3)
100,000-499,999	66,387 (37)	71,053 (19)	61,462 (18)
500,000 or more	76,163 (19)	86,000 (1)	75,617 (18)

* Salary plus bonus/commission, excludes people receiving salary only

† Refers to the largest revenue producing magazine on which respondent works

revenue of under $1 million or $1 million to $3 million or $3 million to $8 million, average salary is only about $2,500 apart and average salary plus bonus only $3,000 apart.

- When analyzed by ad pages, the same relatively small increase is apparent. The $56,743 salary of branch/regional/category managers on magazines with more than 1,000 pages is only about $10,000 (21.7 percent) more than the salary for those on magazines with under 500 pages; and total compensation is only 29 percent higher.
- In this sample, those working on magazines with circulation between 50,000 to 100,000 have the highest total compensation of any of these managers.

Even frequency doesn't give much of a clue to pay. The average salary of branch/regional/category managers is virtually the same no matter what the frequency. However, when bonuses are factored in, those on weeklies and biweeklies come out well ahead, with total compensation of $104,167 being almost double their average salary.

Ad sales person

Pay relationships among ad sales persons return to the patterns evident among their directors and managers. Ad sales persons average almost $38,000 in salary, and this jumps by over 60 percent to $61,600 on a total compensation basis.

Further, there are substantial differences between the highest earners and the lowest. Thus, the top one-third ad sales persons average $57,224 in salary and $97,764 in total compensation, almost three times the average for the lowest paid one-third of ad sales persons.

Ad sales persons on business magazines earn slightly higher salaries than those on consumer publications, but their total compensation is

Average annual bonus/commission

Average bonus/commmission
(The number of respondents is in parentheses.)

	Average bonus/commmission	% increase from '89 to '90
Ad sales director	$29,770 (93)	50.7%
Ad sales manager	$26,874 (105)	14.5
Branch/regional manager	$31,505 (95)	23.1
Ad sales person	$25,618 (109)	11.4

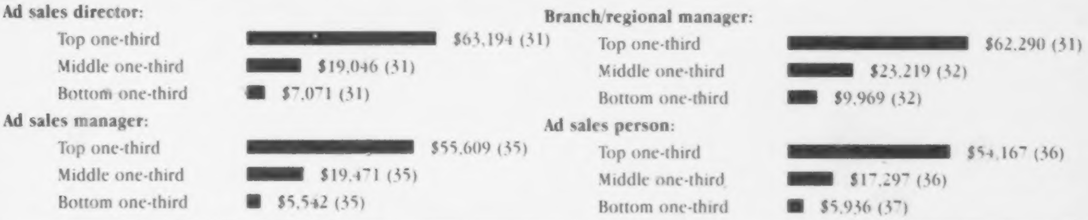
	Ad sales director	Ad sales manager	Branch/ regional manager	Ad sales person
By magazine type:				
Consumer	$24,358 (39)	$26,391 (56)	$26,969 (48)	$27,254 (45)
Business	33,782 (52)	27,748 (48)	36,138 (47)	24,353 (62)
By region:				
Northeast	$30,162 (37)	$30,958 (43)	$34,850 (40)	$22,588 (40)
South	17,951 (17)	18,414 (14)	29,400 (10)	16,411 (17)
North central	15,500 (15)	19,219 (16)	27,409 (22)	21,623 (26)
Western	40,498 (20)	29,461 (31)	31,568 (22)	39,902 (24)
By sex:				
Male	$33,229 (63)	$29,858 (55)	$30,339 (62)	$32,417 (52)
Female	21,040 (29)	23,592 (50)	34,625 (32)	19,565 (56)
By age:				
29 or less	$19,611 (9)	$22,738 (29)	$23,865 (26)	$14,897 (44)
30-39	29,168 (49)	25,370 (46)	28,089 (45)	32,156 (44)
40-49	19,440 (19)	31,579 (19)	39,933 (15)	38,625 (8)
50 or more	48,567 (15)	35,944 (11)	56,611 (9)	31,769 (13)
By years in ad sales:				
Up to 3	$11,200 (10)	$16,533 (18)	$21,765 (17)	$13,498 (39)
4-10	23,249 (39)	26,669 (58)	29,163 (52)	32,871 (51)
11-20	32,422 (33)	27,211 (19)	30,125 (16)	27,450 (10)
More than 20	61,818 (11)	46,038 (10)	62,450 (10)	38,000 (8)
Employees supervised:				
None	$12,143 (7)	$28,995 (22)	$33,250 (50)	$26,016(101)
One	41,667 (3)	17,640 (20)	30,056 (18)	18,000 (3)
2-5	23,083 (33)	27,958 (45)	30,023 (22)	40,000 (2)
6-10	31,222 (28)	34,357 (14)	17,000 (2)	0 (0)
More than 10	35,603 (21)	23,000 (4)	42,500 (2)	0 (0)
By ad revenue:†				
Up to $999,999	$13,679 (21)	$25,760 (18)	$18,750 (4)	$21,308 (19)
$1 million-$2,999,999	17,408 (25)	14,441 (34)	24,083 (18)	15,381 (21)
$3 million-$4,999,999	41,304 (17)	47,583 (6)	22,962 (13)	29,008 (22)
$5 million-$7,999,999	19,000 (5)	25,278 (9)	34,850 (10)	32,922 (9)
$8 million-$19,999,999	36,846 (13)	30,009 (11)	34,763 (19)	38,708 (12)
$20 million or more	64,500 (10)	46,583 (12)	35,594 (16)	41,813 (8)
By ad pages:†				
Up to 200	$14,083 (6)	$ 9,589 (9)	$32,600 (5)	$10,417 (12)
201-499	20,950 (21)	18,647 (17)	16,625 (8)	19,265 (17)
500-999	30,452 (28)	21,734 (32)	27,817 (30)	27,621 (26)
1,000 or more	38,800 (30)	36,015 (31)	34,846 (39)	34,527 (36)
By frequency:†				
Weekly/biweekly	$37,114 (19)	$31,655 (16)	$50,833 (21)	$38,093 (14)
Monthly	32,116 (56)	27,817 (75)	26,636 (66)	23,988 (78)
Other	15,747 (16)	10,692 (13)	20,938 (8)	24,667 (15)
By circulation:†				
Up to 49,999	$21,393 (36)	$13,524 (25)	$16,625 (16)	$16,379 (26)
50,000-99,999	22,125 (14)	33,988 (17)	41,548 (21)	22,091 (24)
100,000-499,999	40,285 (27)	28,971 (38)	35,304 (23)	32,535 (37)
500,000 or more	44,077 (13)	29,348 (23)	29,786 (35)	28,895 (19)

† Refers to the largest revenue producing magazine on which respondent works.

> **"The never-ending challenge of managing 10 very different individuals, all focusing on a common goal, makes the days just fly by."**
>
> **—Branch/regional/category manager in the West, working on a consumer weekly, earning salary and bonus/commission in the mid eighties.**

[redacted]

Range of average bonus/commission



virtually identical. And, as with directors and managers, those in the Northeast and the West earn substantially more than ad sales persons in other parts of the country—especially in the South.

Surprisingly, the pay gap for women is larger in this category than for their more senior colleagues. The salary of women is 75 percent that of men; their total compensation is 73 percent of men's.

The relationship of pay to age and experience takes abnormal twists in this particular category because of unusually high and low salaries and bonuses among the relatively small group of ad sales people over 40 and those who have more than 10 years' experience.

Size of the magazine proves a more reliable indicator of compensation levels. Ad sales people on magazines with under $1 million in ad revenue earn $23,738 in salary and $44,097 in total compensation. This rises steadily, by much more than double, to $61,375 and $103,188, respectively, where ad revenues are $20 million or more.

Ad pages and circulation both have the same relationship between size and pay levels, though the differences are not as great between the largest and the smallest magazines.

Finally, ad sales people on monthlies are paid about 10 percent more in salary than those on weeklies and biweeklies, but those positions are reversed—again by 10 percent—on a total comp basis because of smaller bonuses on monthlies.

Methodology

Four hundred seventy-two of the 1,392 advertising sales professionals who received questionnaires responded to FOLIO:'s fifth annual ad sales compensation survey, resulting in an overall response rate of 33.9 percent. Of the total responses, 453 (32.5 percent) contained sufficient information to be used for tabulation. The response rate for branch managers was the lowest, at 28 percent; response rates for the other categories were all about the same. The survey was conducted through two mailing efforts in April. Participants were asked to supply data reflecting 1990 earnings; if exact figures were unavailable, they were requested to estimate.

In some cases, respondents did not give an exact bonus figure, but gave an expected range instead. Here the mean was used for tabulation. For example, if an ad sales director indicated that his or her annual bonus would be between $20,000 and $22,000, the arithmetic mean of $21,000 was used as that respondent's expected bonus for the year.

About 25 percent of the mailing was sent to each of the four job categories covered in the survey. Within those categories, the mailing was evenly divided between business publications and consumer publications. Finally, about two-thirds of the sample in each category (except Branch managers) was drawn from magazines with circulations under 100,000, while one-third came from magazines with circulations over 100,000.

A job description has been included with each compensation chart. These descriptions were printed on the questionnaire, and respondents were asked to choose the description that most accurately reflected their duties.

Bonuses/commissions

Bonuses and commissions are a vital part of the pay structure of ad sales persons at all levels. The average bonus represents 31.8 percent of the total compensation of ad sales directors; 35.9 percent for ad sales managers; 38.1 percent for branch/regional/category managers; and 41.6 percent for ad sales persons. In each case, that is a substantial amount of overall pay to have fluctuate depending on the individual's performance.

It is also interesting that the average bonus/commission of branch/regional/category managers is actually higher than that of advertising sales directors, and that advertising sales managers and ad sales persons have virtually identical average bonus/commissions. This is yet another indication of the powerful effect bonuses can have on the overall pay of ad sales professionals in lower level categories.

The lower "leverage" for ad sales directors reflects the fact that he or she has a wide range of managerial and other duties, in addition to a sales function. At the other end of the spectrum, ad sales persons are primarily individual contributors and are paid mainly on the basis of what they produce.

What is demonstrated throughout this survey, however, is that ad sales professionals who can produce substantial advertising revenue can make substantial amounts of money—no matter what their titles. And that, after all, is the bottom line for both the ad sales professional and the publisher. ☐

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